

Emily Anne Staples Tuttle papers.

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	A Meeting of the		
AGENDA			
7:30-8:30	Registration at the Guthrie		
	Continental Breakfast		
8:30-8:40	Welcome to The Big Retreat		
	Steven Bosacker		
8:40-9:00	Opening Remarks		
	Governor Jesse Ventura		
	Lieutenant Governor Mae Schunk		
9:00-10:30	Pitching Our Session Agenda		
	Pam Wheelock		
	Matt Smith		
	Jim Bernstein		
	Michael O'Keefe		
	Jan Malcolm		
	Dean Barkley		
10:30-11:00	Break		
11:00-12:00	LIVE "Lunch with the Governor" Radio Show		
12:00-1:15	Lunch		
	Box Lunches in the Guthrie Lobby		
1:15-2:45	Making Minnesota The Best Managed State Governor Ventura, Anne Barry, Julien Carter, Pam Wheelock, David Fisher, Kirsten Cecil		
2:45-3:00	Break		
3:00-3:45	The Big "Pat on the Back" Awards		
3:45-4:00	It's a Wrap		
	Steven Bosacker		

Agenda Advisory Group Meeting Wednesday, February 14, 2001 9:00 a.m.

- I. The 2001 Agenda [Governor Ventura]
 - A. Content
 - B. Strategy: Inside/Outside
- II. What Are You Hearing Out There? [Advisors]
- III. Workforce Development Restructuring
- IV. DTED Commissioner Search

Overformanch criteria

Offordable housing-lower property tax

Oersonal income is good growth

4
1-38% in last decade

Statement of Need Commissioner, Department of Trade & Economic Development February 12, 2001

Really Strong Business Connections

Respected by the business community
Understand the rural/urban complexities
Knowledge of Minnesota's sectors and the impact of a changing economy
60% external relations
Previous experience in large scale mergers and organizational changes
Cabinet level advocate for business interests
Immediate credibility
Understand current and future workforce needs

Full Appreciation of Complex Public Management Responsibilities

Ability to both align and integrate mission statements
Legislative skills, knowledge of the political process
Balance the big picture with the minutia of agency re-design
Instill a sense of stability in time of transition
Manage conflict
Ability to lead through consensus
Build teams through understanding the role of the divisions
Knowledge of higher education systems – especially University of MN and MnSCU
Proven ability to lead multi-faceted agency
Financial management and budget experience

Communication and External Relations

Creative promotion of tourism, trade and economic dev\$elopment Contacts and strong reputation with the business community Excellent communication and negotiation skills Good listener Excellent human relations skills Willing to be "the" spokesperson

Personal Attributes

Fearless
Quick study
Risk taker
Thinks outside the box
Innovator
Able to delegate

Office of Governor Jesse Ventura

2001-2006 Minnesota Strategic Capital Budget Plan

Highlights

The 2001-2006 Minnesota Strategic Capital Budget Plan is proposed by Governor Jesse Ventura in combination with his **one session – one budget** reform initiative.

The Governor recommends \$504 million in general obligation bonds for a variety of state capital projects. Preservation of the state's basic infrastructure and selective investment in strategic initiatives are the hallmarks of the Governor's capital budget.

One Session - One Budget

In his 2001 State of the State Address, Governor Ventura recommended that the Legislature meet only once each biennium. This would move the capital budget from legislative sessions in even-numbered years, as is the current practice, to legislative sessions of odd-numbered years to coincide with adoption of the biennial budget.

Adopted by a constitutional amendment in 1972, the flexibility to meet two sessions per biennium was intended to allow more thoughtful consideration of important policy matters in the second year, avoid end-of-session logjams, and allow a brief consideration of unfinished business.

Unfortunately, the result has been a proliferation of bill introductions, more legislative days, longer sessions, continued end-of-session legislative logjams, and more permanent growth in state spending.

In addition, the time commitment represents a threat to Minnesota's tradition of having a Citizen Legislature. The current system pressures legislators to transform their positions into full-time jobs. It's clear that the results are not what were intended when the people passed the 1972 constitutional amendment allowing for flexible sessions. The Governor believes it's time to move back to a single session format. The 2001 capital budget will allow the Legislature to finish its work and adjourn *sine die* this spring, and his support for signing a capital budget bill is contingent upon this occurring.

Basic Bricks and Mortar

Minnesotans expect their elected officials and administrators to be good stewards of state assets and facilities. They expect that state facilities will not be in disrepair, roofs will not leak, indoor air quality will not make employees ill, historic structures will not be neglected, and the network of roads and bridges will not endanger motorist safety.

To that end, the Governor's capital budget recommends \$365 million for asset preservation projects. Basic bricks and mortar projects include:

■ \$75 million for facility repairs at the Minnesota State Colleges & Universities and \$50 million for infrastructure repairs at the University of Minnesota.

(continued on back)

"When past reforms don't work, we should have the courage to recognize it."

Governor Jesse Ventura

- \$163 million for a wide variety of code compliance, asset preservation, and urgent repairs to facilities of the departments of Administration, Corrections, Human Services, Military Affairs, Natural Resources, the Minnesota Historical Society, the Perpich Center for Arts Education, the Minnesota State Academies, the Veterans Homes Board, and the Minnesota Zoo.
- \$30 million for local bridge repair.

The Governor also recommends replacing facilities that have outlived their useful life or no longer adequately support their public program. These recommendations include:

- \$10 million for land acquisition and design to replace state-owned or leased facilities for major agencies, which may include the departments of Agriculture, Health, Human Services, Corrections, and Public Safety.
- \$16.3 million for Phase 2 construction of the St. Paul plant growth facility at the University of Minnesota, and \$2 million for design of a Duluth lab science building.
- \$9.9 million for Phase 2 remodeling of the Normandale Community College science building and \$1.5 million for laboratory renovations at five campuses of the Minnesota State Colleges and Universities.

Strategic Investments

The state should always be aware of timely opportunities to make good investments for its residents. It should also complete projects that were previously started.

The Governor's capital budget includes \$211 million in recommendations to initiate or complete funding for unique opportunities. Projects that promote strategic investments, leverage significant nonstate funds, and are consistent with the principles of *The Big Plan* and smart growth include:

- \$115 million to match federal funds for the Northstar commuter rail line between St. Cloud and downtown Minneapolis. \$7 million is immediately available for final design, and the remainder only available when full federal funding is in place.
- \$50.7 million for the Conservation Reserve Enhancement Program to match federal funds to protect 100,000 acres of critically- sensitive land in the Minnesota River watershed.
- \$20 million in Rural Finance Authority loans to farmers for mortgage assistance. This program is 100% user-financed.

GOVERNOR'S 2001 STRATEGIC CAPITAL BUDGET PLAN

General obligation bonding = \$504 million Total recommendations = \$576 million (all financing sources)

All Financing Sources Use of Funds (Dollars in millions) (Dollars in millions) \$2 \$27 General Trunk Solid \$504 Fund Highway Waste \$35 G.O. Bonds Fund \$211 Fund \$365 G.O. Bonds (General Fund Statewide Strategic Basic Bricks and Mortar supported) (user financing) Investments

View the 2001-2006 Minnesota Strategic Capital Budget Plan and other capital budget documents on the Department of Finance's web site: www.finance.state.mn.us.

Prepared by the Department of Finance, 651-296-5900, 658 Cedar St., St. Paul, MN 55155, January 2001. Upon request, this information will be made available in an alternate format.



STATE OF MINNESOTA

OFFICE OF GOVERNOR JESSE VENTURA
130 State Capitol • 75 Constitution Avenue • Saint Paul, MN 55155

January 24, 2001

FACSIMILE

To:

Peter Bell, (651) 213-4542

Joanne Benson, (651) 726-2103 Reatha Clark King, (763) 764-4114

Tim Penny, (507)835-7680

Emily Anne Staples Tuttle, (612) 473-9120

From:

Steven Bosacker

Chief of Staff

Re:

Advisory Group

Pages:

I with cover

With the 2001 legislative session in full swing and the Governor's Budget officially presented, Governor Ventura would like to invite you to the Governor's Residence for the next meeting of the Advisory Group, Wednesday, February 14, 2001 at 9:00 a.m.

Please call Molly Hoffman at (651) 296-0059 to RSVP. I hope to see you on the 14^{th} .

Deer Pregnavey Prevention

Span yes



STATE OF MINNESOTA

Office of Governor Jesse Ventura

130 State Capitol • 75 Constitution Avenue • Saint Paul, MN 55155

February 8, 2001

MEMORANDUM

To:

Members of the Governor's Advisory Group

From:

Steven Bosacker

Chief of Staff

Enclosed are some materials you may want to review before our meeting on Wednesday, February $14^{\rm th}$.

SB/mh Enclosures TECHNOLOGY AND SOCIETY

GLOBALIZATION

ECONOMICS



The Millennium Challenge

Page 1 of 2

From the Merrill Lynch Forum

hen the Merrill Lynch Forum originally published The Millennium Challenge in July of 1997, our purpose was to provide a clarion call to those individuals, organizations, corporations and governments who had yet to grasp the vital need to address the Year 2000 computing problem. Now with less than 500 days before 2000, indications are that the seriousness of this problem is understood, and that the world is responding with great urgency. Extensive surveys, including our own Y2K: Implications for Investors released in June of 1998, have been the cause for some optimism regarding the world's ability to solve the Year 2000 problem by the end of the millennium.

However, much work remains to be completed by January 1, 2000, and the scarcity of skilled technicians long ago reached the critical stage. Further, a number of new trends have surfaced over the past year which, while not directly linked to the primary work of systems renovation, further complicate the environment in which this work is being done.

- The escalating legal and regulatory issues surrounding the Year 2000 problem has introduced stringent regulatory reporting requirements for many industries as well as the need to prepare financially for potential Y2K litigation.
- The simultaneous transition in Europe to the Euro currency and Japan's 'Big Bang' have created conflicts in deadlines for testing and implementation of renovated systems.
- Corporate mergers and acquisitions have introduced deeper levels of complexity to the existing Year 2000 issues.

That said, what is the likelyhood that the world will stave off a significant Year 2000 disruption? While the so-called 'Doomsayers' continue to predict a high probability of a global computer failure, we remain cautiously optimistic. It is our opinion that the progress made during the past year is indicative that the world has recognized the severity of this problem, and is taking the necessary precautions to avoid a wholesale technological meltdown at the change of the century. Nonetheless, the dimensions of the problem as addressed in this paper, as well as the newly evolved trends and implications mentioned above, should remain a fundamental concern to all.

Introduction

Call it what you will: a bug, a quirk, a challenge or a crisis. But don't call it trivial. The Year 2000 computer problem is now one of the most important issues facing businesses, governments and other institutions worldwide.

THE YEAR 2000 COMPUTER PROBLEM IN PERSPECTIVE

When the millennium arrives, many computer systems and global

ESTIMATED



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February 10, 1999

Lieutenant Governor Mae Schunk Attn: Lesley Taylor 130 State Capitol 75 Constitution Avenue Saint Paul, MN 55155

Dear Lieutenant Governor Schunk,

I'm writing to follow up on your response to an invitation from the Minnesota Women's Campaign Fund (MWCF) that we contact you to schedule a speaking engagement with our board at its March luncheon meeting. The invitation was issued last November by former MWCF President Karla Ekdahl. As current Co-President of MWCF, an organization of women civic, community and business leaders supporting the election of qualified women to public office, I'm delighted that you've agreed to meet with us and talk about how your office will work to promote equality for women.

The date and time of our March meeting is Thursday, March 11, 12:00 noon to 1:30 PM. The location is the Minneapolis Club, 729 2nd Ave. S., Minneapolis. Please plan to join us as our guest for lunch. You may park in the Minneapolis Club parking ramp on 8th Street. As an alternative, you may speak at our board meeting on Thursday, April 8, 12:00 noon to 1:30 PM, if the date is better suited to your schedule.

Specific topics we would like you to address are the appointments process and the administration's position on legislative issues pertaining to women.

- Please call MWCF Director Mary Martin at 612/904-6723 and confirm your engagement for the date best suited to your schedule.
- I look forward to having you as our featured guest. Congratulations again on your exciting election victory.

Best wishes,

Blanche Hawkins Co-President

THE Saint Paul

February 16, 1999

Ms. Emily Anne Tuttle 1225 Shoreline Drive Wayzata, MN 55391

Board of Directors

RE: **Adult Learning**

Ann Huntrods Chair

Dear Emily Anne,

Norbert J. Conzemius

Vice Chair

Henry M. Buffalo, Jr. Robert L. Bullard John A. Clymer

I am sorry for the delay in sending copies of this document to you. Apparently there were problems with the printer (so what else is new!).

Iris H. Cornelius John (Jay) Cowles, III James R. Frey

These are the Brochures that are being sent to the Legislature to outline the issues and funding problems of adult learners and learner services.

Luz Maria Frias Phyllis A. Harvin

You asked for this material to share with the Governor.

Susan Kimberly Molly O'Shaughnessy Elizabeth A. Pegues-Smart

I don't know whether your meeting times with him are over now or not but if you could bring this material to his attention, it would be extremely helpful.

Fred Perez L.J. Schoenwetter

Give me a call, if I can help to promote this effort any further.

Judith L. Titcomb Jerrol M. Tostrud Barbara C. Winthrop

> Thanks, sincerely, President

Yang Dao

Paul A. Verrg

Jean E. Hart Director, Special Assignments 651-224-5463 (O) 651-429-2803 (H)

Enclosure

2001 Tax Reform

Highlights

Governor Jesse Ventura

BIG

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In 1999, the Ventura Administration embarked on a reform of Minnesota's tax laws as part of the governor's Big Plan. Over the past year and a half,

A Tax System That Makes Sense

governor's Big Plan. Over the past year and a half, taxpayers, legislators and policymakers have raised similar concerns regarding Minnesota's taxes. They agree that a good tax system should be:

- Fair—Taxpayers cited fairness as the most important feature of any tax system. The definition of fairness varied, but by and large it was based on ability to pay and the cost of government services used.
- Simple—Taxpayers wondered if tax laws need to be so complicated to be fair.
- Predictable and understandable—Taxpayers said they want to be able to predict and plan for their tax obligations, and state and local government officials want to plan budgets wisely.
- Modern—Taxpayers envisioned a system that keeps pace with changes in the economy and technology, and that can both secure Minnesota's economic growth and competitiveness and provide revenues for needed services.

Key Recommendations

The governor's tax reform recommendations reflect and respond to those concerns. His plan reduces the overall tax burden, and replaces the property tax with sales tax as the second-largest revenue source after the individual income tax.

• Property taxes—Reform K-12 education finance through having the state take over the full costs of the general education formula and eliminating the state-mandated general education levy by local school districts.

For more information about the 2001 tax reform and relief initiative, or to email your questions or comments ... visit the Department of Revenue online at www.taxes.state.mn.us

For additional copies of this booklet ... call the Department of Revenue Communications Division at 651-297-1764

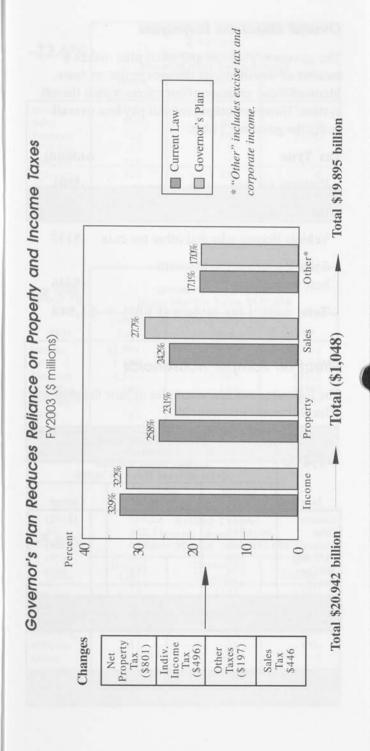
- Income taxes—Reduce the state income tax rates across the board, with reductions to reach .5 percent in all three brackets, and increase the state Working Family Credit.
- Sales taxes—Modernize the sales tax to fit today's economy by broadening the sales tax base to treat services and goods the same, and reduce the state sales tax rate to 6 percent.
- Other taxes—Repeal taxes on HMO premiums and wholesale prescription drugs; fix the health care provider tax at 1.5 percent; reduce motor vehicle registration taxes; and dedicate 85 percent of existing cigarette excise taxes to health care.

Focus on the Bottom Line

The governor's plan reduces Minnesota taxpayers' overall tax bill. School finance reform provides property tax relief and makes the system more controllable and accountable to taxpayers. Property tax relief provides the opportunity to reform the classification and state aid systems. Sales tax reform improves the fairness and long-term reliability of the sales tax as a revenue source. It also provides funds for additional reductions in income, health care, motor vehicle and other taxes that will not be achievable otherwise.

Governor Ventura feels strongly that now is the time to address the significant issues that face Minnesota's state and local tax systems. In these good times, the state has the opportunity and resources to be thoughtful and comprehensive in its efforts to plan for the future.

The following chart shows the price of government under current law versus under the governor's plan, as well as the overall tax changes.



Overall Effect on Taxpayers

The governor's reform and relief plan makes a number of simultaneous changes in the tax laws. Many of those changes offset others within the tax system. However, taxpayers will pay less overall under the governor's plan:

Tax Type	Amount	
Property tax cut	-\$801	
Income tax cut	-\$496	
Vehicle license tabs and other tax cuts	-\$197	
Sales tax rate cut to 6% with base broadening	+\$446	
T + 1 (FX/02) -	61 040	

Total annual tax savings (FY03) = -\$1,048

Effect on Sample Households

The following are four examples of how the plan will affect Minnesota households:

-7.4%	Married Filing Joint 2 Children Income about \$60,000 Home Market Value \$120,000		
Taxes	Current Law	Governor's Proposal	Change
Income	\$2,237	\$2,045	(\$192)
Sales	1,150	1,220	7.0
Property	1,506	1,286	(220)
M.V. Reg.	198	178	(20)
MNCare	174	113	(61)
Other	450	450	0
Total	\$5,715	\$5,292	(\$423)
Reduction			-7.4%

-22.6%	Single Head of Household 2 Children Income low \$30,000's Home Market Value \$75,000		
Taxes	Current Law	Governor's Proposal	Change
Income	\$708	\$166	(\$542)
Sales	800	875	7.5
Property	780	664	(116)
M.V. Reg.	3.5	35	0
MNCare	119	7.7	(42)
Other	325	325	0
Total	\$2,767	\$2,142	(\$625)
Reduction			-22.6%

-8.5%	Single Income about \$75,000 Home Market Value \$120,000		
Taxes	Current Law	Governor's Proposal	Change
Income	\$3,908	\$3,608	(\$300)
Sales	1,400	1,485	8.5
Property	1,506	1,286	(220)
M.V. Reg.	385	189	(196)
MNCare	87	57	(30)
Other	450	450	0
Total	\$7,736	\$7,075	(\$661)
Reduction		A STATE OF BUILDING	-8.5%

-5.6%	Retired Couple Income about \$30,000 Home Market Value \$93,000			
Taxes	Current Law	Governor's Proposal	Change	
Income	\$118	\$107	(\$11)	
Sales	750	820	7.0	
Property	1,051	904	(147)	
M.V. Reg.	99	89	(10)	
MNCare	111	72	(39)	
Other	325	325	0	
Total	\$2,454	\$2,317	(\$137)	
Reduction			-5.6%	

Property Tax Reform and Relief

Why Reform the Property Tax?

- The property tax is too complicated. Its complexity limits taxpayer participation and control of government spending.
- 2. The property tax creates high burdens on businesses and rental housing, which hamper competitiveness and create economic development barriers in many parts of the state. The governor's plan significantly reduces business, apartment, cabin and home property taxes.
- 3. The property tax has a big "hidden" cost—the K-12 education levy. The property tax structure places much of the burden on those who don't have a say in how they are taxed—owners of "nonvoting" properties such as businesses, cabins and farms.

School Finance-Related Property Tax Reform and Relief

The governor's plan is designed to make the property tax a smaller, fairer, more local and accountable revenue source by eliminating hidden state-mandated costs from the property tax. Specifically, the reforms will:

- Eliminate the general education levy, which is set by the state and should be paid for by the state—not by local taxpayers.
- Place responsibility for voter-approved additional school operating levies on residential (homeowner and apartment), or "voting," properties only, to promote greater local control and make the property tax truly a locally decided tax.

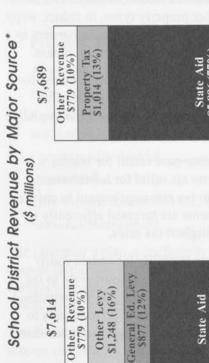
- Increase state equalization aid for operating referendum levies to allow voters in propertypoor school districts to generate additional dollars with the same tax rates as voters in wealthier districts, to make sure kids have equal educational opportunities around the state.
- Create a new statewide general fund property tax levy on business and seasonal properties. The new statewide levy will ensure that these properties contribute toward the state per-pupil costs while still receiving net property tax relief. In exchange, those properties will be exempt from local school operating referendum levies.
- Exempt farmland (excluding the house, garage, and first acre) from the local school referendum levy and the statewide general fund levy.
- Maintain other remaining school property tax levies on the full local tax base (including businesses, seasonal properties, and farmland) and increase state debt service equalization aid.

Shift in School Funding

Under current law, the general education levy will add about \$900 million to property tax bills in 2001. The general education levy is the single greatest direct, state-mandated spending driver in the local property tax. It is used to fund a portion of the stateset, per-pupil general education formula. The levy also contributes greatly to overall tax rate disparities between various properties; removing it will allow meaningful class rate reform.

The governor's plan will increase the overall state share of school aids and levies from 69 percent under current law to 85 percent in fiscal year 2003.

The following chart illustrates the changes to state funding of education under the governor's plan.



recommendation, pay 2002/fiscal year 2003. Excludes federal aid of \$416 Current law versus governor's Governor's Recommendation Current Law

> Percent State Aid of Levy + Aid Revenue Base

Reforming the Property Tax Classification System and State Aid Payment Formula

Along with reform of school finance reliance on the property tax, the governor has also proposed reforms of the property tax classification system and of state aid payments to cities, counties, townships and individuals. Specifically:

- Reduce property tax classification rates for commercial/industrial, rental, seasonal/recreational, and other property types, to reduce disparities in tax rates and lower the barriers to economic competitiveness and development.
- Reform the "tiered" classification structure for homes to reduce the effect of market value inflation on property tax rates and better equalize homeowner tax burdens.
- Create a new state-paid credit for homes to maintain property tax relief for homeowners, with a minimum tax rate requirement to ensure that state payments are targeted efficiently to those with the highest tax rates.
- Shift funding responsibility for certain courtordered child protection and court costs to the state, in exchange for a reduction in Homestead Agricultural Credit Aid (HACA) payments to counties, to further reduce state mandates that affect the local property tax.
- Reform state aid payment formulas to cities and towns to better reflect basic costs for municipal services and the local resources available to fund those services, recognizing differences between the large central cities, suburban communities and greater Minnesota.
- Increase the maximum homeowner property tax refund to the same level as renters (from \$520 to \$1,230) to direct more relief to taxpayers with relatively high taxes and low incomes.

Average Property Tax Relief

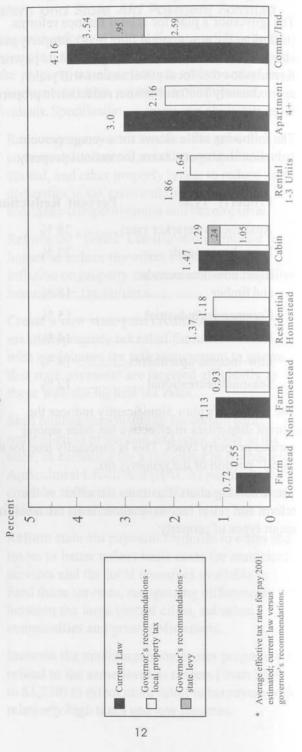
The governor's plan for school finance reforms (including the new general fund levy), property tax classification reforms, and changes in state payment formulas to other local governments will yield approximately \$800 million net reduction in property taxes statewide per year.

The following table shows the average percent reduction in property taxes for various property types:

Property Type	Percent	Reductio
Apartments (market rate)	25	8 %
Farm homesteads	2:	3 %
Farm non-homesteads and timber	13	8 %
Commercial/industrial	1:	5 %
Homestead	14	4 %
Low-income apartments	1-	4 %
Seasonal/recreational	11	2 0/0

The governor's plan significantly reduces the current disparities in effective tax rates among various property types. This is especially true for the "local" portion of the property tax.

The following chart illustrates the effect of the reform and relief recommendations on tax rates for major types of property.



Sales and Use Tax Reform and Relief

Why Reform the Sales Tax?

1. The sales tax doesn't fit today's economy.

Minnesota's sales tax was first imposed in 1967, on goods only, at a time when services made up just over 40 percent of total consumption. Since then, services have grown to consume 60 percent of consumer expenditures. However, Minnesota taxes manufacturers of goods but ignores sellers of services, resulting in a very narrow sales tax base. This narrow, outdated tax base puts increased pressure on income and property taxes as revenue sources.

The growth of e-commerce and Internet sales further fuels the sales tax loss because sellers from outside the state don't collect Minnesota's sales tax. While e-commerce is essential for economic growth, in-state retailers find themselves at a competitive disadvantage.

- 2. Minnesota has the third-highest state sales tax rate in the U.S. at 6.5 percent. Yet even with a high rate, Minnesota is only 26th in sales tax collections. The high rate makes routine purchases for Minnesota consumers more costly. In addition, the tax reduces the competitiveness of those doing business in Minnesota when it applies to business equipment and supplies.
- 3. The sales tax isn't fair. Minnesota's sales tax is applied unevenly and is riddled with exemptions—nearly 100 exist in current law. Is it fair, for instance, that Minnesota taxes laundry and dry cleaning services, but not coin-operated laundry services? The governor feels that the sales tax should be spread more evenly and fairly across the economy—to include both

goods and services—and should apply regardless of what kind of organization is selling the good or service. Reducing the number of exemptions will not only increase fairness, but will also address the issue of Minnesota's narrow base.

Citizens said that while they want overall tax burdens reduced, they agree that taxing consumption is a fair, appropriate way to generate revenue to pay for government services. They said they consider the sales tax a "fair" tax because they can make choices about how much to consume and therefore how much they pay in taxes.

Guiding Principles of Sales Tax Reform

The governor and his administration have followed several key principles in developing the sales tax reform plan:

- Taxing consumption is a fair way to generate revenue to pay for government services.
- Taxpayers should be treated equally, whether they prefer to consume goods or services.
- The level of taxation should be balanced among the various sectors of the economy.
- Whether something is taxable should depend on the product or service being sold, rather than on the business entity or organization that sells the item or service.
- Minnesota's sales and use tax system should be as similar and uniform with other states' sales and use tax systems as possible, to make it easier for nationwide businesses to bill and collect the state's sales tax.
- The sales and use tax laws should be as understandable for taxpayers and as easy for businesses to administer as possible.

Sales Tax Reform Proposals

Overall, the governor's plan will reduce the state and local tax systems' reliance on the property and income taxes and increase reliance on the sales tax. Specifically, the recommended reforms will:

- Treat services the same as goods by extending the sales tax base to many services currently not subject to sales tax, while maintaining exemptions for educational, child care, and health care services.
- Broaden the sales tax base by repealing several exemptions, but maintain current exemptions for essential items such as food, clothing, and home heating fuels.
- Reduce the sales tax rate to 6 percent.
- Expand the definition of exempt capital equipment to include pollution control equipment, and make the capital equipment exemption up-front instead of a refund program.
- Expand the definition of exempt business inputs for taxable goods and services.
- Modernize the definition of "telecommunications services" in the sales and use tax statute.
- Repeal the June accelerated sales tax payment.
- Exempt state and local governments from the sales tax
- Broaden the exemption for purchases by nonprofits to include meals, lodging, vehicle rentals and building materials, and exempt sales by nonprofits up to the first \$25,000 of taxable sales in the calendar year.
- Adopt model legislation for uniform sales tax definitions, filing requirements and other administrative practices recommended by the National

Streamlined Sales Tax initiative. This initiative is a multi-state effort aimed at achieving nation-wide uniformity in administration of the sales tax. The effort is also designed to promote compliance with state sales and use tax laws by nationwide retailers (whether brick and mortar, catalog, or Internet) and preserve state sales and use taxes in the era of electronic commerce.

Exempt Goods and Services

The following goods and services will be exempt from sales tax:

Good or Service	Such As
Items required for basic living	food, clothing, shelter, prescription drugs, prosthetic devices
Emergency and relief services	temporary shelters, community food services child care
Educational services	books, school meals, private school tuition, dancing lessons
Items required to run gov't and nonprofit organizations	materials, supplies, contract services
Some services subject to Minnesota tax on receipts	health care, waste collection
Items required by gov't that don't compete with other businesses	licensing services and fees charged to purchase car tabs
Items preempted by federal law	Internet access charges, interstate plane tickets

Sales up to a de minimus amount by nonprofit and related organizations will also be exempt.

Currently Exempt Services to be Taxed

Under the governor's plan, the following services will be taxed:

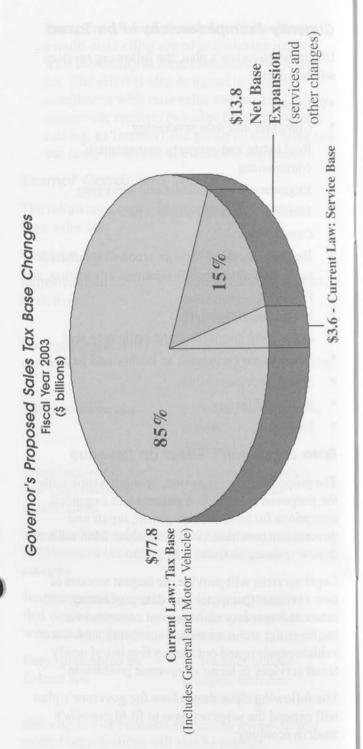
- Legal
- Computer and data processing
- Real estate and property management commissions
- Engineering, architecture and surveying
- Motor vehicle and general repair
- Construction
- Business services such as accounting, management, consulting, public relations, advertising, and personnel
- Intrastate transportation
- Investment counseling and brokerage fees
- Personal services such as beauty and barber
- Sewer services
- R&D and testing
- Funerals

Base Expansion's Effect on Revenue

The proposed base expansion, in combination with the proposed rate cut to 6 percent and expanded exceptions for business equipment, inputs and government purchases, will yield about \$446 million in new revenue in fiscal year 2003.

Legal services will provide the largest amount of new revenue. Computer and data processing; real estate and property management commissions; engineering, architecture and surveying; and motor vehicle repair round out the top five list of newly taxed services in terms of revenue production.

The following chart shows how the governor's plan will expand the sales tax base to fit Minnesota's modern economy:



Administrative Implications for Businesses

The greatest burden on businesses that are currently required to collect and remit sales tax is in determining whether an item, or an item sold in conjunction with a service, is taxable. Much of this burden will be reduced in the future because most sales will be taxable.

Most of the businesses that will be required to collect and remit sales tax under the governor's plan are already registered with the Department of Revenue for other taxes. Most are also required to file an annual sales and use tax return to report use tax on their taxable purchases.

In addition, all businesses are currently required to accrue use tax on their taxable purchases. The only change for them will be their review of service purchases to determine if they owe use tax.

New requirements for businesses that are currently not required to collect sales tax do increase the administrative burden, but not unreasonably.

Competition Issues

Businesses of all sizes deduct all of their expenses to arrive at their net income for income tax purposes. The additional sales tax paid on services purchased will be offset to some extent by the lower amount of income tax paid on a business's net income.

The plan allows an up-front exemption for purchases of capital equipment. It also expands the sales tax exemption for capital equipment used to produce tangible goods and extends the exemption to taxable service providers. This will result in lower production costs and less administrative work since companies will not need to file claims to get a refund of the tax paid on capital equipment.

Income Tax Reform and Relief

Why Reform the Income Tax?

- Minnesota's rates remain high in comparison to other states (the 10th-highest top rate and the 3rd-highest starting rate) despite reductions enacted during the 1999 and 2000 legislative sessions.
- Income tax burdens are a competitive disadvantage in attracting and retaining highlyskilled and productive workers to the state.
- Minnesota's income tax laws have become increasingly complex since the last major simplifications in the 1980s.

The individual income tax is Minnesota's largest revenue source in the state budget.

Income Tax Reform and Relief Proposals

The governor's plan for the individual income tax will reduce income tax burdens for all taxpayers and will achieve simplifications in tax calculations and penalties. The proposals are:

- Reduce income tax rates by 0.4 percentage points in all three brackets for calendar years 2001 and 2002, an additional 0.1 in 2003, and another 0.1 in 2004.
- Increase the Working Family Credit by \$100 for taxpayers with one child, and by \$200 for those with two or more children in calendar years 2001 and 2002. In 2003 and beyond, double the child credits to \$200 and \$400 and increase the generation and phaseout rates by 50 percent—achieving an overall doubling of the credit.

- Modify other income tax credits and subtractions as follows:
 - Eliminate the dependent care credit beginning in calendar year 2002 and shift the savings to dependent care programs operated by the Department of Children, Families and Learning.
 - Modify the K-12 credit and subtraction to clarify qualifying expenditures and promote better accuracy and compliance.
- Eliminate the Alternative Minimum Tax to simplify tax calculation requirements.
- Reduce and simplify the penalty structure for late filing and payments so it will be less burden some on taxpayers with short delays, and more effective in preventing lengthy delinquencies.

Other Tax Reform and Relief

In addition to property, sales and individual income tax reform, the governor recommends tax reform and relief in the following areas:

- Reductions in the motor vehicle registration tax to a maximum of \$189 in the first year and \$89 thereafter beginning in January, 2002. A further reduction to a maximum of \$75 for all years beginning in 2004.
- Repeal of the HMO premium tax and the wholesale drug tax and permanently fixing the provider tax at 1.5 percent. Current law requires the HMO premium tax to "blink on" and the provider tax to revert to a 2 percent rate.
- Ensure future structural balance in the Health Care Access Fund through dedication of 85 percent of cigarette excise tax proceeds beginning in fiscal year 2004.
- A reduction of 10 percent in the taconite production tax, with state aid payments making up the lost revenue to schools and local government.
- Additional business tax relief including a corporate income tax rate reduction to 9.4 percent and 90 percent sales weighting in the apportionment formula (accompanied by base broadening reforms to partially offset the reduction).

2001 Sales Tax Rebate

The governor's plan also includes a third sales tax rebate, intended to return part of the state's tax surplus (fiscal year 2002/03) to taxpayers. Under the plan, the state will rebate \$925 million to 2.4 million taxpayers in the summer of 2001.

The average rebate amounts will be \$590 for joint filers and \$300 for single filers.

Ventura Administration Budget Principles

"Be fiscally conservative and prudent—never forget it's the people's money."

- Do what's necessary ... not necessarily what's "nice" to do.
- Prevent future costs where possible.
- Pay close attention to the future costs of policy and budget decisions, and insist that projected budgets are balanced for four years.
- Set a responsible budget, live within it, and settle-up any actual surpluses with taxpayers at the end of the biennium.

"Do the right things and do them well."

- Evaluate programs in tangible ways for real, cost-effective results.
- Reform or eliminate programs if they are redundant or aren't producing desired results.
- Include sunset clauses in all new programs so that they receive proper evaluation.

"Provide incentives for desirable behavior."

- Competition works and is even good in government.
- Match responsibility and accountability at all levels.
- Put decisions at the appropriate level, closest to the people.
- Leverage private and nonprofit support.
- Support fees where users have a voice in the rates and the program results.

Ventura Administration Budget Principles

"Se fincelly conservative and prudent" never forget I's the capple's manex."

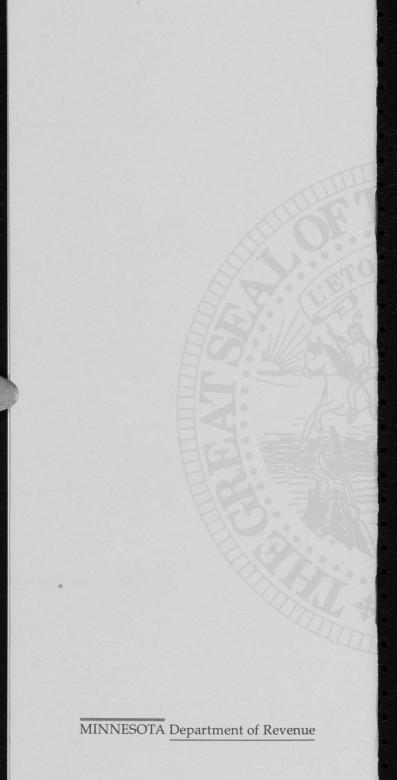
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Matt Smith Agenda Core belief - 2 terms only **Advisory Group Meeting** Thursday, August 23, 2001 9:00 a.m. state policy impacts on web meaningful indicators. Governor's Residence A Word on Results Management Tom Mass Discussion: II. Ventura and his administration where you thought in goot they'd be? How are things different from what you hoped and suggested back in December 1998? Advice: Being Governor During a Gubernatorial Campaign IV. Reaction: A. Blue Ribbon-Style Commissions 1. Health Care Cost Drivers – Durenberger, National Institute on Health Policy 2. Higher Education - The Perennially Unaddressed Questions nocornick mest Service Gaps and Overlaps b. Mission Differentiation C. Overall Resource Analysis d. Infrastructure Spread & Space Utilization Accountability Standards Government Reform 1. Political (Campaign Finance) vs. Structural (Single House/Session)? fall towns

ADULT LITERACY SERVICES

Priorities for Legislative Support

17% of Minnesota adults over the age of 20 lack a high school diploma.

45% of learners served by Minnesota adult literacy programs last year were unemployed, and 44% were on public assistance.

PRIORITY 1: An adequate state funding formula for Adult Basic Education.

Funding of Adult Basic Education (ABE), the core adult literacy programs, is not adequate to cover costs and to meet the growing demand for services. ABE includes high school diploma programs, basic skills training, English as a

Second Language (ESL), family literacy programs, GED preparation, workforce education, workplace literacy, and refresher programs.

THE STRIKTION.

In 1998, ABE programs received only 77% of state funds required to serve currently enrolled students. This proration is a result of insufficient funds allocated to meet the formula established under Minnesota law. As programs grew to meet the additional needs created by state welfare reform and the influx of refugees and others with special needs, funding did not keep pace. Despite increased needs, some rural and urban ABE programs have already cut back services due to proration.

INDIANCE UNGSTRUME

Among the accomplishments of the St. Paul Community Literacy Consortium (SPCLC) in meeting adult literacy needs is the development of **Functional Work English** classes which provide intensive ESL instruction to help adult learners on public assistance enter employment quickly and successfully. Ten classes at four sites in St. Paul serve more than 125 students, including Hmong, Vietnamese, Russian-Ukrainian, Thai, Eritherean, Chinese, Somalian, Cambodian, and Mexican. During 1997, more than 30 students found full-time employment. SPCLC agencies are working together on the **Eastside Literacy Initiative** to reach more adult learners on St. Paul's vastly underserved Eastside. **Volunteer tutors** have been recruited, trained and placed in many program locations through SPCLC.

WHAT'S MEDER

Employers are demanding more highly trained and better prepared employees. At the same time, welfare reform requires that recipients prepare for and find work. Yet many applicants lack English-speaking skills and/or do not have basic employability skills, seriously limiting their prospects for successful employment. Adequate funding is needed to meet the increasing needs of adult learners and employers.

The number of learners receiving ABE services from St. Paul adult literacy providers has nearly doubled in the last six years — from 5,800 in 1992 to more than 9,000 in 1998.

"I learned how to talk to my coworkers and boss. Work English helped me to understand my supervisor. It also helped me to feel strong about myself."

Xee Moua attended Functional Work English classes offered through SPCLC and is now employed doing medical assembly.

"It is important that I get the GED because it will benefit me and my children. It is like a chain – my grandmother and mother were on welfare. I am getting my education; I'll buck the chain. I am taking the courage to go back to school and finish...Education opens doors."

Susan Watson works 20 hours a week at a local store. Her MFIP job counselor supports her child care at the Hubbs Center while she is working on her GED.

"The customized adult literacy services provided to our employees have not only expanded the job opportunities for these individuals but have also improved the economic base of our company and our community."

Joan Thompson, executive vice president of Minnesota Wire and Cable.

In St. Paul alone, it is estimated that 50,000 residents need literacy services. Some are refugees or immigrants from foreign countries. Others are native born Americans who dropped out of school or fell through the cracks in school.

Helping People Help Themselves

Literacy means being able to make your way in a rapidly changing world.

It's being able to speak, read and write English, to participate as a citizen in the wider community, and to use technology in daily life. Literacy is the ability to communicate and participate with independence, competence and confidence within family, community and workplace.

Only 9% of adults eligible for and needing adult literacy services are receiving services, according to the Minnesota Department of Children, Families and Learning.

Adults without adequate English literacy skills face serious hardship, and the costs to society are enormous.

They may have trouble finding and keeping jobs, communicating with teachers, and obtaining medical care. Lack of literacy skills contributes to chronic poverty, welfare dependency, alienation and isolation, criminal activity, chemical abuse and other social problems.

Welfare reform is bringing more adults into the job market, but many are unprepared.

While employers are demanding more highly trained and better prepared employees, many workers entering the workforce due to welfare reform lack the basic literacy skills necessary to succeed in a job or to earn enough to support a family.

Adults can improve their literacy skills and their lives.

Adult literacy services help people learn to effectively communicate with employers, neighbors and teachers. They learn how to apply for a job. Through citizenship classes, refugees and immigrants prepare to become American citizens. Literacy programs help all adults work toward greater self-sufficiency, increase their earning power, and move off of public assistance.

All who need adult literacy services cannot be served.

State funding is insufficient to meet the growing need for literacy services. That means many people in need cannot be served. More resources are needed to serve the large number of participants in the Minnesota Family Investment Program (MFIP) who live in the St. Paul area while also ensuring adequate funding for literacy programs serving residents of greater Minnesota.

"I have had students with no computer skills, low self-esteem, and English language difficulties come into my classes and realize they can learn, feel better about themselves, be productive in a new job and walk out of my classes with a smile...l admire how hard they try, the effort they put in and the dedication to make it happen..."

KEVIN TETU ST. PAUL ADULT LITERACY INSTRUCTOR

- Adequate funding formula to cover increased demand for Adult Basic Education services
 - · Continued funding of the Citizenship Promotion Program
 - Technology funding to upgrade service delivery

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WHAT'S MEEDED.

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The refugee and immigrant population in Ramsey County now totals more than 48,000 people. The enrollment of refugees and immigrants in the St. Paul Public Schools ABE program doubled from 1991 to 1997, from 990 to more than 2,000 learners.

More than 60% of the foreign-born immigrants in Minnesota have not become naturalized citizens.

PRIORITY 2: Continued funding for the Citizenship Promotion Program.

THE PROBLEM

Recent changes in immigration law, coupled with welfare reform, make it imperative for many immigrants and refugees to obtain U.S. citizenship. Non-citizens receiving public assistance are required under Minnesota law to participate in citizenship preparation classes or ESL. Some jobs require citizenship. Lack of English skills needed to pass the citizenship test is the primary barrier to naturalization. This is especially true for vulnerable refugees and immigrants, such as elders who have difficulty learning English.

THE SITHATION:

Many residents need help preparing for, applying for, and achieving U.S. citizenship. The demand for citizenship preparation services has been especially acute in St. Paul. The eligible pool of non-citizens, estimated at more than 40,000 in Ramsey County, continues to grow due to the movement of refugees and immigrants from other parts of the country to this area.

WIDST'S Umplime

The **State Citizenship Promotion Program**, established by the Minnesota Legislature two years ago to assist refugees and immigrants seeking citizenship, offers an integrated continuum of services, including ESL, civics instruction, assistance in completing the application process, support services such as transportation, child care and translation, and legal assistance.

In St. Paul, the SPCLC **Volunteer Citizenship Initiative** provides tutoring, emphasizing English and related skills needed for employment. The Initiative in St. Paul has trained more than 150 tutors and more than 220 teachers, coordinators and librarians. State funding was obtained to hired a full-time citizenship instructor to teach at five agencies.

WHAT'S MEDICO.

Many non-citizens will be unable to pursue naturalization without program continuation. Limitations on available ABE funding, due to proration, make it unlikely that many ABE programs will be able to provide citizenship classes without additional funding. We propose a two-year continuation of the program, funded at \$500,000 each year.

One third (more than 14,520) of the K-12 students in the St. Paul Public Schools come from families speaking a home language other than English; 21% of all St. Paul Public School students receive ESL.

ACROSS MINNESOTA . . . Statewide, more than 3,000 adults participated in citizenship programs last year, with more than 50 nationalities and languages represented; 821 passed all citizenship requirements. Participants received nearly 75,000 hours of services.

IN THE ST. PAUL AREA...

By December 1998, 271 adult
learners received close to 8,000
hours of SPCLC instruction;
57 completed their citizenship
requirements, and many more
are in the testing process.

Adult Basic Education services are provided by public school districts and non-profits at more than 500 sites in Minnesota, funded by the Minnesota Department of Children, Families & Learning. 3,500 highly trained volunteers assist 1,200 professional staff in providing high-quality education throughout Minnesota.

PRIORITY 3: Technology funding to upgrade service delivery.

THE PROBLEM

Adult literacy programs have not had the access to technology resources that have been provided for K-12 programs through education funding bills. Consequently, most literacy programs have outdated computers or no access to technology.

THE CITHATION

Technology is forcing literacy programs to change, especially to help learners develop basic employability skills needed to succeed in jobs. Computers have proven to be an effective and cost-effective tool to deliver instruction while preparing students for the workplace. In addition, literacy service providers need to improve the administrative infrastructure of their programs to provide adequate assessment, reporting and accountability. Finally, technology is needed to serve thousands of adults who live in remote areas or who are housebound, who would potentially benefit from ABE distance learning opportunities.

MINTE WARRING

SPCLC utilizes computer software to deliver instructional services. This includes "Speaking Minnesotan," which uses the latest voice recognition technology to help non-English-speaking adult learners develop English pronunciation skills. A computer-enhanced curriculum is being developed for at least six different foreign language groups. The Basic Skills Hotline, provided by the Minnesota Literacy Council with SPCLC support, offers accurate, personalized information for adult learners. Detailed information on all local literacy programs is maintained and frequently updated on specially designed software. A statewide program and learner progress data base are currently being pilot-tested.

MHAT'S MEEDED

Funding to enable adult literacy providers to purchase computers, software and network technology.

"I know that at the present time with my GED and computer skill, I can continue my education part-time while working full-time. The computer class will help me advance for a better paying job in the future. These classes give working parents like myself the opportunity to continue my education to gain better employment and in turn contribute to the community."

.

Chong Y. Thao, St. Paul participant in the Support for Training and Employment Program at McDonough Homes.

"I'm very glad to have this computer class. It helps me a lot how to use the computer and learn typing. In the future, this computer class will help more people to know how to use the computer and type. Thank you for the funding for this program."

Cha Lor, St. Paul participant in the Support for Training and Employment Program at McDonough Homes. TO LEARN MORE about adult literacy services, call the Saint Paul Community Literacy Consortium at 651/695-1734.
Or check the website at www.mlrc.stthomas.edu./clc/home.htm

ABOUT THIS DOCUMENT

The Saint Paul Community Literacy Consortium, a group of 14 adult literacy providers in Ramsey County, has prepared this document to inform state policymakers about current issues and needs in adult literacy services.

The mission of the Saint Paul Community Literacy Consortium is to improve the quality and availability of adult literacy services in St. Paul, Minnesota. The Consortium was formed in 1994 as a comprehensive effort to improve the quality and expand the availability of English-as-a-Second-Language and other Adult Basic Education (ABE) services. Last year, SPCLC members served more than 9,000 adult learners.

Funded through the private and public sector, SPCLC works collaboratively and cross-culturally to benefit adults needing literacy services. Capital Hill English School

CLUES

Guadalupe Alternative Programs

Hallie Q. Brown/ Martin Luther King Center

Hmong American Partnership

Jewish Family Service of St. Paul

Lao Family Community of Minnesota, Inc.

Minnesota Literacy Council

Neighborhood House

Saint Paul Public Schools: Adult Learning

United Cambodian Association

+

MORE Multicultural School for Empowerment

Vietnamese Social Services of Minnesota

*

The Saint Paul Foundation



1318 Stanford Avenue Saint Paul, MN 55105-2811 PHONE 651•695•1734 FAX 651•695•1773



STATE OF MINNESOTA

OFFICE OF THE GOVERNOR-ELECT (651) 297-9500 ST. PAUL, MN 55155

ROOM B5 STATE CAPITOL

Мемо

TO:

Ventura Advisory Committee

FROM:

Dean Barkley, Chair

RE:

Committee Meeting

DATE:

November 25, 1998

The Ventura Advisory Committee will be meeting on Wednesday, December 2 at 4:00 p.m. at the Governor-Elect's Transition Office in the Basement of the Capitol building.

The main item on our agenda is to review the transition process. Transition Chief of Staff Steven Bosacker will provide a briefing on the structure and status of the transition. Your feedback and advice will be critical.

The policy topic for this meeting will be K-12 education. As you know, the Governor-Elect is strongly committed to public advantion. I broughout the campaign Governor-Elect Ventura stressed the need for reduced class sizes. Please come prepared to suggest an education reform that you believe would significantly improve our public schools. Some questions to consider include:

Are there meaningful policy changes that do not require more state funding?

In terms of achieving accountability, is the "Profile of Learning" the way to go? What are your thoughts?

What issues does the Governor-Elect need to emphasize at the post-secondary level?

I look forward to seeing you on December 2nd. Best wishes for a happy Thanksgiving weekend.

pusan

ADVISORY COMMITTEE OFFICE OF THE GOVERNOR-ELECT

SECOND MEETING DECEMBER 2, 1998

MINUTES

Dean Barkley, Chair called the second meeting of the Advisory Committee to order on Wednesday, December 2 at 4:00 p.m. in room B-5 of the State Capitol.

Members present:

Dean Barkley, Chair
Peter Bell
Joanne Benson
Reatha Clark King
Richard Lamm (Phone)
Tim Penny
Emily Anne Staples Tuttle
Rep. Charlie Weaver

Steven Bosacker, Transition Chief of Staff, reviewed the transition structure with the Advisory Committee (see attached chart) and discussed briefly the Transition Team Leaders' work on a set of "Governing Principles" for the Ventura Administration. These principles will be brought before the Advisory Committee for their input at the next meeting.

Logistically Challenged by The Many

Bosacker indicated that the weakest part of the transition is the lack of response to individuals who are calling the Governor-Elect's office. However, he is working with Office Management to turn this around. He also expressed that the Governor-Elect's greatest concern is over possible economic downturns in the future.

The following concerns about the transition process were raised by members:

OUTREACH:

Build better process for outreach to the business community and the DFL and Republican parties

COMMUNICATIONS:

Send a signal to the public that the Ventura Administration can attract and acquire good, knowledgeable people

Focus on the Governor-Elect's message for the inaugural and the State of the State address

Choreograph the Governor-Elect's first few days in office (focus on the symbolism of the office) Send thank you's to all volunteers who elected him and are volunteering during the transition

Continue the Governor-Elect's education (he must "master" the intricacies of rove

BUDGET:

Tap the committee's resources for suggestions on who should lead the budget divisions

Send all departmental budget recommendations through the Advisory Committee for members' input

APPOINTMENTS:

Take time to develop a thoughtful and consistent appointments process

500n Decide how many Carlson appointees the Ventura Administration will keep

Include the Advisory Committee in the appointments process

Concentrate Advisory Committee's efforts on the top/key appointments

Develop clusters led by members of the Advisory Committee to make strategic Would Like to appointments

Bring final recommendations for all appointments to the Advisory Committee for review before sending them to the Governor (members serve as the final "sounding board")

Arrange to have the Governor-Elect attend a couple of Advisory Committee meetings

LEGAL/SECURITY:

Continue to monitor the Governor-Elect's security

Analyze the Governor-Elect's assets

Consider hiring personal legal counsel outside the Attorney General's office

Advesory mittee

Tim Penny addressed the members regarding a process for answering their mail, phone calls and other contacts. He asked the members to divide their correspondence into the following four categories:

- 1. Job seekers
- 2.
- Appointment seekers Vegue \$15

He asked committee members to affix a post-it or memo to flag any important resumes, scheduling requests or advice that they believe deserve special consideration. Staff will then send a letter of acknowledgment on their behalf and route the correspondence to the appropriate team leader.

Penny lead the members in the discussion of K-12 Education policy. Members offered the following input:

NEW "OUTSIDE THE BOX" IDEAS:

Consider a handful of new, innovative programs/projects that can garner bi-partisan support

Create Individual Development Accounts: individual contributions matched by private and public sectors for use in education, buying a home, etc.

Focus our efforts on re-engaging kids when they are motivated to learn (after they have worked a couple of years and realize the importance of education)

Loosen regulations to bring in non-educators to help with instruction

Bonding year for schools (direct a majority of bonding to improving schools)

How do with schools that do not work and are not meeting statewide standards?

How do with schools that do not work and are not meeting statewide standards?

The Governor's Alma water

We deal Choose a cluster of schools (including Roosevelt) and experiment with various reforms to see what works

> Encourage the business community to "adopt a school" (use partnerships with government to achieve educational goals)

Use surplus to fund an expansion of the charitable credit

CLASS SIZE:

Reduce class size to a manageable level

Realize that one size does not fit every school (school district should have a say)

SCHOOL CHOICE:

Consider a modest expansion of current tax credits (and other tax breaks for families)

Examine charter school expansion

Show how choices in education improve public schools

ACCOUNTABILITY:

Establish pilot programs to see if a program works for granting full funding

Do not abandon Profiles of Learning now that we have so much invested

Incorporate more local control

Agree upon statewide standards

FUNDING:

Be careful about commitment to funding every new project; cannot spend our way to successful schools and communities

Remember that \$500 million in funding is already committed

SPECIAL EDUCATION:

Re-evaluate special education funding (mainstreaming is eating up general education funding)

Redefine who is eligible for mainstreaming (definition currently includes those with behavioral problems)

DIVERSITY:

Recognize the effects of immigration on our schools

SAFETY:

Must make schools a safe haven for our kids

Establish more discipline in schools

Penny suggested future topics for discussion and the members agreed upon the following three priority issues:

- Government Reform (structural) and operational)
 Tobacco (Health Com) 1.
- Tobacco (Health Care) 2.
- 3. **Economic Development**
 - Job Training A.
 - Higher Education B.
 - C. Housing
 - D. Transportation

Other issues mentioned by the committee members include political reform, the environment, health care, and taxes.

The meeting adjourned at 7:00 p.m.



STATE OF MINNESOTA

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ROOM B5 STATE CAPITOL

Мемо

TO:

Advisory Committee

FROM:

Dean Barkley, Chair

RE:

Committee Meeting

DATE:

December 4, 1998

The Ventura Advisory Committee will be meeting on Tuesday, December 8 from 10:00-noon in the Transition Office conference room.

The first item on our agenda is to review the proposed "Governance Principles" of the Ventura Administration. Steve Bosacker, Transition Chief of Staff, will provide a briefing on these proposed principles. Your feedback and advice will be critical.

The policy topic for this meeting will be government reform. As we discussed in our last meeting, Governor-Elect Ventura is likely to include government reform as one of his administration's priorities. Please come prepared to suggest a reform that you believe would significantly improve the functioning of state government. Some questions to consider include:

Give examples of departments and agencies that are working well or not so well.

Are there systematic ways to improve the efficiency and culture within government bureaucracies?

We will try to have recently issued reports on various government reform initiatives available at the meeting.

Thank you once again for your participation in this group. I look forward to seeing you on December 8th.



STATE OF MINNESOTA

OFFICE OF THE GOVERNOR-ELECT
(651) 297-9500
ST. PAUL, MN 55155

ROOM B5 STATE CAPITOL

For immediate release Friday, December 4, 1998 Contact:

Teresa McFarland

651-297-9513

GOVERNOR-ELECT VENTURA ADDS MEMBERS TO TRANSITION TEAM

St. Paul - Governor-Elect Jesse Ventura today announced three additional members to his transition team. Duane Benson and Corinne Shepherd will work with the Governor-Elect to coordinate the appointment process for state departments and agencies. Laura Sether will join the transition team focusing on citizen and youth involvement.

"I am very pleased to bring Duane and Corrine on board to help me put together many of the key appointments in my administration," Governor-Elect Ventura said. "These individuals combine great experience in both the public and private sector and I know with their guidance we'll be able to find the best and the brightest to work for this state."

The Governor-elect said Sether's position on the transition team reflects his commitment to giving all Minnesotans a voice in his administration.

"Laura will work to make sure citizens and especially young people have a role and a voice in my administration," Governor-Elect Ventura said. "I am here because people who weren't always engaged in state government spoke. We want to find ways to keep them interested and involved in what happens here at the Capitol."

Corinne Shepherd is currently the director of Blue Cross/Blue Shield of Minnesota's Incoming Service Center. During her nine years with Blue Cross/Blue Shield she also served as the director of Performance Support Services. Prior to that Shepherd spent 13 years in management at Kelly Services, an employment service.

Duane Benson has been Executive Director of the Minnesota Business Partnership since 1994. The Minnesota Business Partnership is a non-profit association of the chief executive officers of Minnesota's 105 biggest employers. Benson spent 14 years as a Minnesota State Senator from southeastern Minnesota and 11 years playing professional football.

Laura Sether spent two years as project coordinator for the Star Tribune Minnesota Citizens' Forum. Sether worked with reporters at the Star Tribune and KTCA to develop projects soliciting informed citizen opinions on a variety of issues. Prior to that she served as a project director for the Jefferson Center, a think tank that pioneered the Citizens Jury® process nationally working on citizen jury projects.

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STATE OF MINNESOTA

OFFICE OF THE GOVERNOR-ELECT (651) 297-9500 ST. PAUL, MN 55155

ROOM B5 STATE CAPITOL

Advisory Committee Office of the Governor-Elect

B-5 Capitol, 10:00 a.m. Tuesday, December 8, 1998

AGENDA

- Briefing from Steve Bosacker on proposed "Governing Principles" for the Ventura Administration
- 2. Discussion of various government reform measures

Presentation by Annette Meeks Center of the American Experiment

- Scheduling of upcoming meetings
 (please bring your December and your 1999 calendars)
- 4. Adjournment

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STATE OF MINNESOTA OFFICE OF THE GOVERNOR-ELECT (651) 297-9500

ROOM R5 STAIR CAPTIOL

Advisory Committee Office of the Governor-Elect

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- Adjournment



STATE OF MINNESOTA

OFFICE OF THE GOVERNOR-ELECT (651) 297-9500 ST. PAUL, MN 55155

ROOM B5 STATE CAPITOL

Мемо

TO:

Advisory Committee

FROM:

Dean Barkley, Chair

RE:

Committee Meeting

DATE:

December 11, 1998

The Ventura Advisory Committee will be meeting on Wednesday, December 16 at 4:15 p.m. in the Transition Office conference room (B5 Capitol).

Our first agenda item will be to continue our discussion of the Ventura Administration's proposed "Governing Principles". Wendy Wustenberg, Transition Governmental Relations Director, will update the committee regarding these principles. Please come prepared to offer your suggestions to the draft principles distributed at our last meeting.

The bulk of our meeting will be devoted to a review of the appointments process. Duane Benson and Corrine Sheperd, the Co-Directors of Department and Agency Appointments for the transition, will provide a briefing on their progress with appointments and the Advisory Committee's role in this process. Please bring a list of your suggestions for key appointments.

The policy topic will again be government reform. Jane Belau is scheduled to make a presentation on the government restructuring recommendations of the CORE study. We will also brainstorm systematic/operational ways to improve the overall efficiency and culture of government. These solutions should reflect the administration's "Guiding Principles" for a more responsive government.

I am postponing our tobacco discussion until January. While it certainly is an important budget issue, the Governor-Elect needs the committee's input regarding the appointments that he will be making before the end of the year. I look forward to seeing you on December 16th.



STATE OF MINNESOTA

(651) 297-9500 ST. PAUL, MN 55155

ROOM B5 STATE CAPITOL

Мемо

TO:

Advisory Committee Members

FROM:

Dean Barkley, Chair

RE:

Committee Meeting

DATE:

December 17, 1998

The Ventura Advisory Committee will be meeting on Tuesday, December 22 at 3:30 p.m. in the Transition Office conference room (B5 Capitol). We will likely be discussing the tobacco settlement, but I will fax an agenda as soon as possible to confirm our policy topic.

Please remember to forward to Laura Offerdahl any recommendations that you may have for appointments. I look forward to seeing you on December 16th.



1/ 1

To: Advisory Committee Members

From: Dean Barkley

Dear Advisory Committee Members:

I would like your input on the following two items for our next meeting:

- 1. Your opinion on all of the current Commissioners and Department Heads. Please let me know whether you think they should be retained or replaced.
- 2. Your comment on the transition process to date. What you have liked and what things you have not liked. Please be as specific as possible. If you have specific criticism, please let me know what changes you would like to see implemented.

Please bring your ideas to next Tuesday's meeting.

Dean Barkley



STATE OF MINNESOTA

OFFICE OF GOVERNOR JESSE VENTURA

130 State Capitol • 75 Constitution Avenue • Saint Paul, MN 55155

Advisory Committee Office of the Governor-Elect Room 229, State Capitol, 9:30 a.m. Thursday, January 14, 1999

AGENDA

1. Review of commissioner candidates

Duane Benson & Corrine Shepherd, Co-Directors Department & Agency Appointments

- 2. Discussion of potential outreach activities
- 3. Review of draft legislative priorities (continued)

Wendy Wustenberg, Director Governmental Relations Department

4. Adjournment

*****Inaugural event tickets will be available at the meeting*****

JONATHAN S. BISHOP 2280 West Lake of the Isles Parkway Minneapolis, MN 55405-2434

Dear Emily-Ann,

December 3, 1998

You and Gedney treated us to a truly wonderful Turkey Day festival last week. Not only was the "bird" done "to a turn" by the master chef, but the varied fixings and bocci-ball lessons tamed rioting grandchildren and made the event most memorable. Lois and I thank you very much.

Last Thursday was so much fun that I had neither enthusiasm nor, indeed chance, to ask your help in sensing Jesse's possible stance on promoting the growth of Industrial Hemp in Minnesota, again. This is an important concern of forest activists in the Sierra Club. Hemp fiber is perhaps the best known fibersubstitute for the wood fiber pulped from native trees in our forests. Industrial hemp has little canabis for users of marihuana, but produces other useful components (see enclosed enclosed data sheet). It can be an excelent cash crop for farmers, and the Univ. of Kentucky is pushing hard that it can substitute for the evil tobacco plant as smoking becomes unfashionable for health reasons. Well, cutting native trees from public forests, especially those like ours where saw timber growth is suppressed in favor of the faster growing species like aspen and birch - - only for the fiber content, not even for the unique structure and strength properties of its wood.

However, Ventura's speech to the farmers on 12/01/98 has answered the question. Now a follow-up is all that is necessary. We certainly would appreciate your wisdom in this issue. which has national concerns, too.

conclosures:

1.) Distinctiveness of Industrial
Hemp-fact sheet.

2.) Op-Ed letter h, JSD
Sierra ri 2.) Op-Ed letter h, JSB +e Sierra Club vision ofalt. Plan

3) copy "Action alert" for writing card to F.S. Planners re Sierra alt. Plan

Would sign a bill, if passed by the Legislature, that would lift the state ban on growing industrial hemp. It would give farmers another crop to market, he said.

12/01/98 Industrial hemp, a biological relative of the marijuana plant, is used in the manufacture of clothing, cosmetics and rope and for its oil, but it does not produce the "high" of its cousin.

Gov. Arne Carlson earlier this year vetoed legislation that would have studied the issue, citing law enforcement concerns over distinguishing between legal industrial

hemp and marijuana.

Ventura received a standing ovation at the conclusion of his remarks. "He was very honest today," said Dennis Ubel, who runs a dairy and beef operation in Lake of the Woods County. Ubel said he is optimistic that Ventura's administration will be beneficial for agriculture.

To the Editor, Minneapolis Star Tribune 425 Portland Ave., So. Minneapolis, MN 55415

Dec. 3, 1998 email: opinion@startribune.com

Dear Sirs:

Minnesota Public Radio recently aired an excelent, week-long series regarding our forested heritage. I am submitting the following letter to praise their series and to expand the discussion of this important issue.

Planning for MN's Federal Forests

During MPR's recent, excelent report: "Our State, Our Forests" (Nov. 16-20), the Wednesday noon segment carried a fairly well balanced call-in show featuring two widely opposed Alternative Plans for management of our two Federal Forests in the next 10-15 yr. period. Wayne Brandt, of MN Forest Industries (MFI), spoke about their plan to vastly expand clearcutting on our two National Forests, continuing the trend that has transformed most of our once diverse northern forests into aspen monocultures. The MFI plan ignores a 1994 state study of our forests which found that even at current cut levels, numerous populations of forest-dependent bird, mammal, reptile and plant species are declining.

The plan of the Audubon Society and various Citizen Groups, represented by Betsy Daub, would expand preservation of all natural areas of high biological value in the Forests. In response to these two proposals Superior Forest Supervisor Jim Sanders repeatedly pledged the agency's intent to present for public consideration next year the entire range of objectives in all plans submitted to it before the announced September deadline.

More could have been said of the "Natural Recreation" plan, submitted by the Sierra Club, which not only protects those sensitive areas, but also promotes greater forest restoration toward natural diversity (based on pre-settlement conditions). Such a vision requires a transition away from nearly all logging in our National Forests - which actually supply only eight percent of all timber produced in Minnesota. It also provides for the re-training and re-employment of any displaced workers affected by such a greater use of these public lands for recreation, hunting and fishing, aesthetic and spiritual renewal, as well as for the valuable benefits they provide to all of us in purification of air and water, and the preservation of habitats and biodiversity.

advances, there should be no need to cut native trees in our National Forests just content. Fibers from corn stalks or industrial hemp, are well known to be stronger and more recylible than those from wood, though currently available only in small amounts in Minnesota. When restoration of these forests has been accomplished their future use by many will be entirely for recreation (motorized and non-motorized) instead of for profit by few in the timber time. It is Sierra Club's opinion that, with existing and anticipated technological

MINNESOTA ASSOCIATION OF COMMUNITY REHABILITATION ORGANIZATIONS (MACRO)

MACRO is a state-wide coalition of private, non-profit businesses that operate

Minnesota's Extended Employment Program. Extended Employment Programs provide
jobs and job training services for people with physical and developmental disabilities.

Businesses contract with a MACRO provider to have work done at the provider's facility by people with disabilities. The businesses also hire disabled workers trained by MACRO providers.

MACRO's innovative partnership between job training providers and private businesses has resulted in a strong workforce for the businesses and over 7,000 full-time jobs for people previously thought to be unemployable.

MACRO's clients participate in the program at one of the following levels:

Facility-Based Employment:

Participants begin work immediately at a MACRO provider's facility and are supported by a work supervisor and a case manager. Participants receive skills training and intensive post employment support. Post employment supports include "soft skills" training, crisis management, managing employee-employer relations, settling work-site disputes and integrating transportation and child-care needs into full-time employment.

Work Crew Based Employment:

Participants work with a crew of EEP workers at an employer's job site and are supported by a MACRO site supervisor and an off-site case manager. Participants who encounter difficulty are typically transferred to MACRO facility-based employment and continue to work.

Individualized Work Site Employment:

Participants work at individual jobs at an employer's site. Support is provided by a MACRO on-site job coach for the first few weeks and an ongoing caseworker. Participants who encounter difficulties transfer to facility-based employment and continue to work.

MACRO providers receive approximately \$140 million in annual funding from three sources: 1) revenues from work contracts with private businesses; 2) federal and state funding; and 3) private contributions.

MACRO providers receive only 30% of their annual funding from government sources. Of this, less than 15% comes from the state of Minnesota through the Extended Employment program. MACRO's state funding amounts to less than \$10 million per year. State funding, along with equivalent federal funding, leverages over \$90 million in annual production revenues from private businesses.

MACRO'S WELFARE TO WORK EXTENDED EMPLOYMENT PROGRAM (WWEEP)

What is WWEEP?

WWEEP is a new program created through a partnership between the Department of Economic Security and MACRO (an association of private, non-profit rehabilitation organizations that provide Minnesota's Extended Employment services to persons with physical and developmental disabilities).

Why was WWEEP Created?

To provide the jobs and job support services necessary to move the "bottom tier" of welfare recipients to independent employment. To be eligible, the welfare recipient must have a "severe impairment to employment". As defined in state law, a severe impairment to employment may include, but is not limited to, chemical dependency, a language barrier, negative or no work history, a disruptive homelife, lack of education, or some other serious disability that does not qualify for SSI benefits.

How does it work?

When a county welfare worker determines that a welfare recipient has a severe impairment to employment, the worker must consider referring that person to the WWEEP program so that the welfare recipient receives the support services necessary to **begin work immediately** at either a MACRO facility located near the welfare recipient's residence or with a private employer. In either case, the welfare recipient's wages are paid by a private employer. Every dollar of state funding for the WWEEP program leverages approximately \$3.50 in private funds.

What's MACRO's Connection?

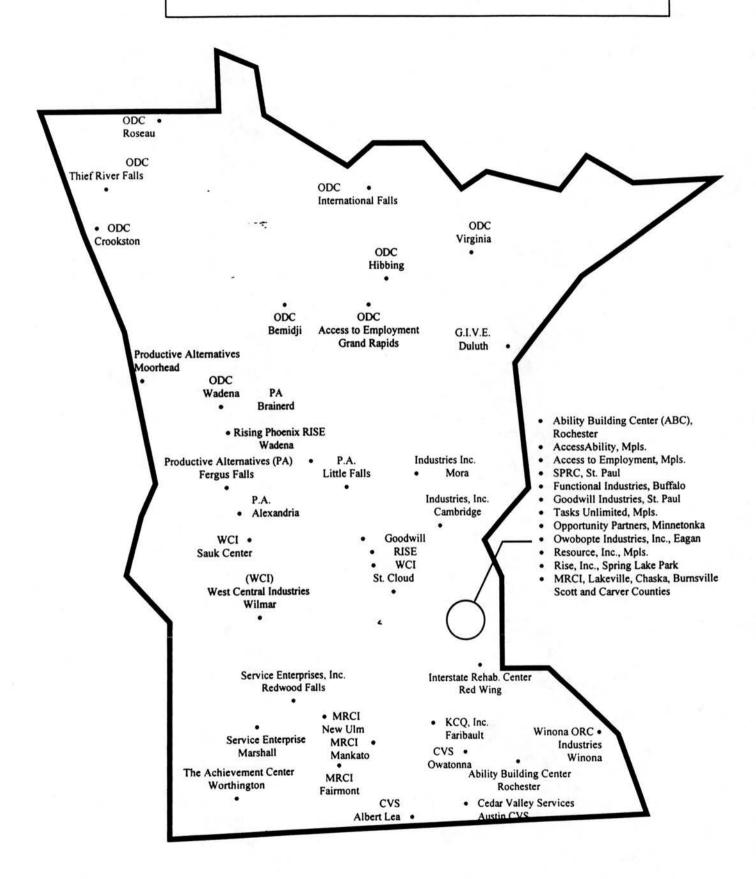
MACRO is a state-wide coalition of 22 non-profit organizations that provide jobs and job training services for people with physical and developmental disabilities. Since welfare recipients who have a severe impairment to employment require the same type of support services as MACRO's existing clientele, it seemed natural for MACRO to expand its services to these difficult-to-employ welfare recipients.

How is the WWEEP program funded?

The 1997 Legislature provided a one-year, \$500,000 appropriation to the Department of Economic Security to be distributed to MACRO for the WWEEP program. This enabled MACRO to provide 80 job slots for one year to serve 160 to 240 people. MFIP-S went into effect on January 1, 1998. Since January, county referrals to the WWEEP program have nearly doubled, and county representatives have clearly indicated that referrals to the WWEEP will rapidly increase as Minnesota moves forward in welfare reform.

If the WWEEP program is to continue serving even a small portion of what DHS projects to be 18,000 to 20,000 welfare recipients with a severe impairment to employment, it is critical that the 1999 legislature increases funding for the WWEEP to \$1.5 million. This appropriation would support approximately 250 job slots for FY2000, serving approximately 500 to 700 welfare recipients.

MACRO's Statewide Providers and Facilities



MINNESOTA ASSOCIATION OF COMMUNITY REHABILITATION ORGANIZATIONS (MACRO)

A Financial Crisis Facing Minnesota's Extended Employment Program

- Funding for Minnesota's Extended Employment Program was increased in 1987 to \$10 million. This funding, which is directed through the Department of Economic Security, has remained the same since 1987.
- Through the past 12 years, MACRO businesses have been extremely creative in finding supplemental funding to provide Extended Employment services. These businesses, however, are realizing the limits to which communities are willing to support golf tournaments, thrift shops and other fundraising efforts.
- MACRO businesses leverage approximately \$3.50 in private funds for every \$1 invested by the State.
- The level of funding counties can provide through their contracting for Extended Employment services is at its peak since several Minnesota counties are reaching their levy limits.
- This is a cost-effective, pay-for-performance program that provides jobs and jobtraining services to over 7,000 people previously thought be unemployable.
 MACRO clients must be working in order for facilities to receive their reimbursement from the State!
- If the 1999 Legislature fails to return the base funding for Minnesota's Extended Employment program to a sustainable level, this extremely effective private endeavor to provide employment services to disabled people may be forced to begin closing its doors.

50% being served in lommunety.

Much more disabled now.

\$130.M business \$10 m from state

\$130.M business \$10 m from state

asking for 30% increase - no increase in 12 yrs.

1986-performance based funding-

Private program helps put welfare recipients to work

JENNIFER EHRLICH STAFF WRITER

Colleen Lorge spread her tools across the kitchen table so three of her daughters could play with them. There were clear plastic safety glasses, a pink-handled scraper, china markers and a clay-speckled blue work belt.

It's the standard equipment for someone who spends the day measuring blocks of marble that are carved into bathroom sinks. But for Lorge, the tools, the job, the co-workers and a commute are all still a novelty.

Lorge is a 46-year-old single mom with nine children ranging in age from 6 to 25. The family received welfare benefits for 27 years until, last September, Lorge found a job through Owobopte Inc., an Eaganbased job training company.

"I get really, really dirty, but it's worth it," Lorge said, holding up her dust-covered work shirt. "I never had any extra money before this. We always had to stretch it too far."

In the past year, Owobopte has trained and assessed a few more

than a dozen welfare recipients. But based on its Initial success with the most difficult cases, Owobopte's PASS pro-gram (Public Assessment Self-Sufficiency) is likely to become a larger part Dakota County's plans to fo-

The proposal to shift some of the training and assessment from **Dakota County** employment training centers to organizations such as Owobopte is likely to be discussed at the **Dakota County** board meeting Dec. 8. Call 438-4532 for more

cus funds on the people who are least likely to make the transition from aid to work.

information.

. Lorge began looking for work when she found out her welfare benefits would be cut off in five years, in accordance with new federal guidelines on welfare reform that started last July. Because her youngest child had reached school age, Lorge was able to look for day-shift work in September. She was sent to a Dakota County employment training center, where she was singled out as a tough case and referred to Owobopte for a job assessment and training.

Owobopte is a nonprofit organization that traditionally has provided job training, placement and on-site work for people with mental and physical disabilities. It was founded in 1972 as a spinoff of the state hospital system. The company got its unusual name from some permutation of the American Indian term for the area of Hastings, where it was first located, according to Louis Besser, the group's president.

In 1997, Owobopte began a new program focused on training and pinpointing problems among the most difficult-to-employ segment of people on welfare.

PASS is designed for the people receiving welfare who have substantial obstacles to overcome before they can make it on their own.

The PASS program only admits welfare recipients who have at least two barriers to employment, including drug and alcohol addiction, a history of domestic abuse, lack of child care, no employment history and homelessness, Besser said.

With no child care, no transportation and less than a year of job experience in the early '70s, Lorge faced nearly insurmountable obstacles.

Lorge also recently emerged from years of conflict with her husband, whom she recently left after he refused to accept medical treatment for mental illness.

"We were doing OK until my husband became ill, and you can't plan for that," said Lorge. "First he didn't want to go anywhere anymore. Then he started having habits, and later he didn't want us to talk."

Lorge managed to overcome the initial barriers and has moved into an apartment complex in Burnsville, where her oldest daughter and son also live.

She works from 7:30 a.m. to 3:30 p.m. and carpools to work. Her children are in after-school day care. Lorges received initial job training at Owobopte and has passed through her three-month trial period at work.

Lorge no longer receives welfare and is making \$9 an hour, with substantial overtime, working for Princess Marble, a Burnsville-based marble manufacturer. Lorge said her checks far exceed her former welfare benefits, which amounted to \$715 a month.

Besser does not claim Owobopte works miracles. He calls Lorge an exception and said she was already mentally prepared to work but had been out of the work force and lost confidence.

"Just by definition we are concentrating on people for whom being put to work is a new experience," said Besser. "It fits what. we are all about, training people who have not been a part of the work force."

When Lorge began her job assessment, she was interviewed and observed working on the production floor of Owobopte's factory. The organization maintains its own manufacturing facility where people with disabilities assemble and package products for local companies.

After a few weeks at Owobopte, Lorge was referred to Princess Marble in Burnsville.

There are about about 1,650 families like Lorge's on welfare in Dakota County. A a recent survey identified 300 families that have at least two major obstacles that would prevent them from becoming self-sufficient, according to Jerry Krueger, director of the department of employment and economic assistance in Dakota County

"About 31 percent of families receiving assistance are working in Dakota County now, but they are the easiest to serve population," said Krueger. "You can argue it is not a crisis right now, but the time frame for some of those families is going to end, and they will kind of fall off of that cliff."

In the next two weeks, Dakota County commissioners will vote on a proposal to allocate about \$1.7 million in funds to community organizations like Owobopte to assess and train these people.

Krueger said the county has been receiving anecdotal reports



Colleen Lorge with daughter Veronica Lorge, 6, at left, and granddaughter Trina Peterson, 5, at her apartment. Colleen Lorge has nine children.

KHAMPHA BOUAPHANH/PIONEER PRESS

from employment trainers throughout the county that many of the families are experiencing serious problems that will not be resolved by job searches.

Owobopte's job assessment program is seen as a good way to identify those employment barriers

ers.
"There are reasons why people haven't worked that have not been addressed before," said Laura Zirngible, a vocational coordinator at Owobopte. "There are disabilities and special needs that were undiagnosed but prevented them from work."

At this point, only a fraction of the people Owobopte works with are in PASS. The organization trains and employs about 300 people, with varying levels of disabilities, Besser said.

Owobopte has built a network of private businesses that hire people to work in entry-level retail and manufacturing jobs. Local businesses also sub-contract assembly and packaging work to Owobopte for employees who are not able to work outside a controlled environment.

Some of Dakota County's largest employers have longstanding contracts with Owobopte, including Dakota Electric Co., Smead Manufacturing in Hastings, Coca-Cola Bottling Co., and Sears, Roebuck and Co.

Jennifer Ehrlich covers growth and development in Dakota County for the Pioneer Press South Suburban edition. You can reach ner at (651) 228-2171 or send e-mail to Jehrlich @pioneerpress.com

THE GENERAL MILLS FOUNDATION

P. O. BOX 1113, MINNEAPOLIS, MN 55440 TEL. 612-540-7890 FAX 612-540-4114

PLEASE DELIVER TO:

NAME:

Ms. Laura Offerdahl

Governor's Transition Office

FAX 651-297-9531 (2 pp)

FROM:

Reatha Clark King

DATE:

12/11/98

RE:

Comments on minutes from December 2 meeting

I would like to follow up on Tim Penny's request to give you our impressions of the

I have only one small suggestion. It is to add INTERNATIONAL LINKAGES minutes. under Item 3. Economic Development, on the last page of the minutes. I have pencilled it in on the attachment. In the meeting, Emily Anne commented several tmes on the importance of the international connection for keeping the economy strong. I think we should add this to the minutes as a way of keeping it out front in our thinking.

Otherwise, I think the minutes are fine and I like the way you have put the various comments in categories.

In separate memos, I am forwarding to you some resumes and or application letters with my comments attached.

Thanks for your help. Feel free to call if you need clarification.

Attachment

0

Reatha

+6126267496

T-415 P.05/05 F-835

Dec-01-98 12:38pm From-GOUERNOR ELECT OFFICE

DIVERSITY:

Recognize the effects of immigration on our schools

SAFETY:

Must make schools a safe haven for our kids

Establish more discipline in schools

Penny suggested future topics for discussion and the members agreed upon the following three priority issues:

Government Reform (structural) and specialization (Tobacco (Health Core) 1.

Tobacco (Health Care)

Economic Development

Job Training A.

Higher Education B.

Housing C.

Enternational Linkages ~ D. Other issues mentioned by the committee members include political reform, the environment,

health care, and taxes.

The meeting adjourned at 7:00 p.m.

TWIN CITIES AIRPORTS TASK FORCE

6040 28th Avenue South Minneapolis, MN 55450 Phone: (612) 794-4444

Chairman Phone: (612) 726-1122 Fax: (612) 726-1133

e-mail: Istern@aol.com

IRVING M. STERN



7550 24Th Ave. So. Suite 174 • Minneapolis, MN 55450 (612) 726-1122 • Fax (612) 726-1133

December 9, 1998

The Honorable Emily Ann Tuttle Office of the Governor-Elect 130 State Capitol St. Paul, MN 55155

Dear Emily Ann:

If the Governor decides to appoint a new MAC Chair, I would appreciate being considered.

I am attaching a copy of the letter and resume I sent to the Governor-Elect and would very much appreciate your consideration and, if possible, your support.

Thank you.

With best personal regards and all good wishes for a very Merry Christmas and a Happy and Healthy New Year!

Most sincerely,

Irving M. Stern



7550 24Th Ave. So. Suite 174 • Minneapolis, MN 55450 (612) 726-1122 • Fax (612) 726-1133

December 7, 1998

Hon. Jesse Ventura Governor-Elect Minnesota State Capitol St. Paul, Minnesota, 55101

Dear Governor Ventura:

Congratulations on your amazing victory. I must confess I was surprised watching the British Broadcasting Company (BBC) channel on TV in a hotel room in Hong Kong, searching for news on the US elections. BBC announced that the Democrats seemed to have done better than expected nationally, then switched to direct coverage on three races; JEB Bush's win in Florida, the defeat of Al D'Amato in New York, and then, your picture came on. BBC dwelt for several minutes on your amazing win.

Two days later, in a restaurant in Beijing, we were sitting near a table of raucous Australian sheep raisers who were trying find a market for their wool in China. After a few moments of conversation between the Yanks and the Aussies, one asked, "Lad, where in the US are you from?" When we said, "Minnesota", the entire table of 10 roared in unison, "Oh, you have Jesse the Body for governor!

I'm sure I don't have to tell you that you have become very well known, world-wide.

I had a brief opportunity to meet you at the Governor's Economic Conference at the St. Paul Convention Center, where Roger Moe gave you part of his time so you could speak to the group. I must confess I did not vote for you, but I was very impressed by your remarks there. My first impression of you in your camouflaged outfit (with hat) was not very favorable, but when you explained that you were making the point that you were the only veteran running for Governor, I chalked one up for you. Cleverly done!

My partner, J. Robert Stassen, and I were in China seeking to strengthen Minnesota's trade by working with Minnesota Companies to set up joint ventures to do business in China. After our return on November 12, I watched you move into the transitional stage, and I am again impressed.

Congratulations on choosing a great transitional team. Because I know you are very busy, I am taking the liberty of sending a copy of this letter to Mr. Bosaker and to a few of the persons on your team who are acquainted with me.

I am a moderate DFLer, and like you, have served as mayor of a suburban city, St. Louis Park. I also served in the State Senate in the 1980s. I agree with those from both the Republican and DFL parties who have said to critics of those who are willing to serve on your transition team, that it is important to put the welfare of the State of Minnesota above partisan concerns.

It is in that spirit that I write to you asking for the opportunity to be of service to you and your administration. My principal interest is in foreign trade and the jobs it creates for Minnesota workers, and more specifically, ensuring that we have adequate international air transportation, for both passengers and air cargo, to support the Minnesota companies conducting world trade.

With 32 Fortune 500 industrial and service firms and 11 Fortune 400 non-public firms headquartered here, Minnesota has more major corporate headquarters per capita than any other state or district, except the District of Columbia, a fact which you have noted in recent days.

Further, Minnesota is one of only seven states which has a higher dollar value of international exports going out of the state than foreign imports entering the state. This is in spite of a perennial national trade imbalance where imports exceed exports by many millions of dollars every month.

Our home-based companies have done a good job of seeking overseas markets for Minnesota products, and the state has done a good job of promoting and supporting that effort. I urge you and your administration to continue and expand that effort.

One of the positions that has a major effect on this effort is the Chairman of the Metropolitan Airports Commission. This is a part-time position which during the past three years has been ably handled by Pierson M. (Sandy) Grieve, retired President and CEO of Ecolab.

I respectfully submit my resume and application to serve in that capacity, provided that the present commissioner, Sandy Grieve, does not intend to apply to continue. I think he has done a good job, and I would fully support his reappointment.

I do feel, however, that Minnesota can do even better in supporting both trade and tourism in four respects: 1) These efforts should be given a higher priority by both the executive and legislative branches of Minnesota government; 2) the budget for The Trade Office and The Office of Tourism should be increased based on a more aggressive but carefully laid out plan on a cost/benefit basis to increase promotional efforts in these two areas; 3) the use of the power and influence of the "bully pulpit" of the governor's office to rally together the fragmented and sometimes conflicting efforts, no matter how well meaning, of the many governmental units and business organizations in the metropolitan area and the state as a whole; and finally, 4) to enroll state and metropolitan transportation agencies to become more directly involved in this effort.

We have two major cities and many aggressive suburbs sending out competing messages about the many assets we have in the metropolitan area and in greater Minnesota, with much duplication of effort, reinventing the wheel, and sometimes inconsistent messages. The state could provide better leadership to encourage the cities and counties to coordinate their efforts, and the chambers of commerce to focus more on the big picture of creating new business and job opportunities state-wide, rather than only focusing on parochial interests.

The Minnesota Department of Transportation (MNDOT) and the Metropolitan Airports Commission (MAC) need to play a major role in this coordinated effort. MNDOT already has a state-wide transportation study which outlines strategies for land and water transportation for the future, and has under its jurisdiction the Office of Aviation for airports located in greater Minnesota.

The Minneapolis-St. Paul International Airport (MSP) should be a keystone for building a state-wide economic development plan, and the airports commission, a citizen body which is appointed by the governor, should be directed by the governor to focus on how the airport can assist in the accomplishment of such an economic development plan as a integral part of its statutory charge. If I were chairman, I would welcome such direction from the governor.

Most airports in the US are owned and operated by cities or counties, and are used by these municipal and county governments to take a lead in supporting a sound economic development plan for the region served by the airport. The Minneapolis-St. Paul Metropolitan Airports Commission (MAC) is a creation of the legislature, and is not owned or operated by any city or county government, nor is it located within the boundaries of any city. Though a creation of the state, it is charged by statute to operate independently in a manner to make the Twin Cities a transportation center locally, statewide, nationally and internationally. This independence has many advantages, and enables the MAC to operate one of the most efficient airports in the US. This independence has enabled the MAC to run its seven airports like business, and not be a burden to Minnesota taxpayers.

Although the commission, with the support and encouragement of the Twin Cities Airports Task Force, has been successful in building MSP into the 11th busiest airport in the US and 17th busiest in the world (based on the number of passengers handled), the metropolitan municipalities and counties have not fully recognized the value the activities at the airport are to the economy of the region. MAC's system of seven airports, MSP and six reliever airports, is totally self supporting, is not supported by any general taxes, and in fact generates tax income to the benefit of local and state governments in an amount exceeding \$400 million per year. The activities at the airport create or support more than 100,000 jobs and inject more than \$5 billion annually into the regional economy.

Further, local governments have not only failed to utilize the tremendous advantages of having a major international gateway airport at their service, but in some cases have spent their time and efforts impeding the growth of metropolitan airports, both large and small, because of aircraft noise or other complaints about the airports.

This is not to say that environmental concerns are not real and do not need to be dealt with. They certainly must be dealt with, but should be viewed within the context of the benefits as well as the disadvantages of close-in, convenient airports in the metro area.

However, the point here is that unlike most other metropolitan areas in the US, there is no one local governmental unit that has the jurisdiction or opportunity to make full use of MSP as its keystone for economic development. In Atlanta, former mayor Andrew Young enrolled the Atlanta City Council and the Atlanta Chamber of Commerce to make Hartsfield Airport the center

of their joint economic development plan. The city improved and expanded the airport's facilities and marketed its advantages to where it is competing with Chicago and Dallas-Fort Worth for the title of the busiest airport in the US. Then they successfully wooed a number of large corporations to move their headquarters to Atlanta, including Coca Cola and UPS. Atlanta has gained the image of being a world gateway, even though the Twin Cities metro area is now ranked 8th in exports among US metro areas, and Atlanta is ranked 20th.

In the Twin Cities, there is no one mayor or chamber of commerce that has taken the leadership role that Mayor Young the Chamber of Commerce has in Atlanta. In my opinion, only the state and the governor can successfully act in that capacity in Minnesota, and the Minnesota Chamber of Commerce and the major chambers in the metro area must be enrolled to join in this effort to coordinate and support a state-wide plan and vision of Minnesota's economic future.

As Chairman of the Metropolitan Airports Commission, I believe I could be of help in such an effort. I am already active in supporting the effort as Chairman of the Twin Cities Airports Task Force, which has been successful in helping the MAC develop more international air service at MSP, especially by Air Canada, Icelandair and hopefully by Air China.

Attached is my resume. I think I can fit well into the Reform-DFL-Republican triumvirate we have elected to guide us for the next four years.

I would be glad to meet with you or the members of your transition team to answer questions or elaborate on any details of my past experience or capabilities.

Sincerely,

Irving M. Stern

Chairman, Stassen and Stern International, Inc.

cc:

Richard Bosaker

Hon. Joanne Benson

Hon. Tim Penny

Hon. Emily Ann Tuttle

IRVING M. STERN
4641 White Oak Road
Minnetonka, Minnesota 55345
(H) (612) 932 9397 (O) (612) 726 1122
(M) (612) 868 9553
Fax (612) 726 1133

CURRENT - PROFESSIONAL

- Chairman, Stassen & Stern International, Inc., Minneapolis
- President & CEO, Stern International, Inc., Minneapolis
- · Consultant, Browning-Ferris Industries, Minneapolis
- · Chairman, Stern Enterprises Ltd., Hong Kong
- · Chairman, Stern International (HK) Ltd., Beijing
- · Member, Steering Committee, SUSTAIN, Washington, DC.
- . Board Member, Beijing Firstep Int'l. Investment Banking Corp.

PRIOR EXPERIENCE

- Director & General Manager, Beijing Int'l Food & Beverage Company Resigned, 1991, after 50% of company sold to Dole Asia.
- President, Sternco, Inc. 23 years Consulting firm specializing in government affairs, financial and crisis management "workouts". Resigned and sold 50% interest in June, 1991.
- President/CEO SIRV International Ltd 1987/91 Consulting services to companies interested in investments in Asia and the U.S.
- Executive Vice President, Bridgeman's Restaurants, Inc. Midwest chain, 28 stores family style menu with ice cream specialties.
- Executive Vice President/Shareholder Phoenix, Inc. Solid waste disposal. Sold interest to Browning Ferris Industries, 1980.
- President, Transport Body, Inc/Owner 1959/1973 Semi-trailer sales, service and leasing company, Minneapolis, MN. Merged with Phoenix, Inc., 1973

Irving M. Stern Page Two

- President/Owner, Nationwide Carriers, Inc. 1953/1968 Long haul refrigerated truck line - Sold interest in 1968.
- President/Owner 1979/1984 Five Suns Charter, Inc. Yacht charter company, Wilmington, DE.
- Executive Vice President/Shareholder Twin Resco, Inc. 1971/1973 Joint venture with Wheelabraytor Frye to develop refuse derived fuel plant, St. Paul, MN.

PUBLIC SERVICE

CURRENT

- · Chairman, Twin Cities Airports Task Force
- Board Member, Hennepin County International Trade Advisory Board
- · Board Member, World Trade Week, Inc.,

PREVIOUS

- · Minnesota State Senator
- Chairman, Senate Banking Committee
- · Mayor, City of St. Louis Park, Minnesota
- · U.S. Conference of Mayors, Washington, DC. Advisory Board
- Housing & Community Development Committee, U.S. Conference of Mayors
- · Director, Association of Metropolitan Municipalities
- · Director, League of Minnesota Cities
- Chairman, Metropolitan Council Hazardous & Solid Waste Committee
- · Chairman, Minnesota World Trade Center Corporation
- Member, World Trade Center Information Committee, NYC
- State Department Delegate to Hungary, 1979
- US/AID Solar Engergy Project. Philippines, 1989
- US/AID SUSTAIN Mission. El Salvador. 1995

(Additional Details & References on Request)



CMAL

Council of Metropolitan Area Leagues League of Women Voters

Teddy Geokezas

Chair

1387 Hwy 96 White Bear Lake, MN 55110 Telephone (612)426-7702



TWIN CITIES AIRPORTS TASK FORCE

WHO IS THE TCATF?

The TCATF is an independent organization developed from a concept of the Metropolitan Airports Commission (MAC), made up of area business and organizational leaders, professional, and concerned citizens, working together to build a better Minnesota, upper Midwest, and Central Canada.

VISION STATEMENT

The Twin Cities Airports Task Force (TCATF) will be a strong force in providing leadership to guide the region into becoming a major national/global air transportation/cargo gateway.

ACCOMPLISHMENTS

 Helped with 28 international flights per week in 1990, to 255 international flights per week in 1998



MEMBERSHIP BENEFITS

We are TCATF,
working to bring
the future to
Minnesota,
TODAY!

Your membership will assist our region to become a major international transportation gateway. Our citizens and our businesses from Minnesota, Wisconsin, the upper Midwest, and central Canada will benefit from your involvement! Your membership includes:

- a membership directory
- notification of guest speakers and special events
- · a regular newsletter
- · invitations to high level planning meetings
- · an invitation to our annual conference
- · opportunities to participate on important committees
- opportunity to have a significant impact on the future of air service in our region.

TWIN CITIES AIRPORTS TASK FORCE

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VISION STATEMENT

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ACCOMPLISHMENTS

- Helped with 28 international flights per week in 1990, to 255 international flights per week in 1998.
- Provides a unified voice for key members of the Twin Cities businesses, governmental, educational, and aviation communities, to help bring more passenger and cargo lift to MSP.

GOALS

- Improve awareness of, and encourage continued improvements at Minneapolis-St. Paul International Airport and area reliever airports.
- · Provide leadership to support the global competitiveness goals of the region.
- · Advocate a wide range of competitive services and pricing in air passenger transportation.
- · Support plans to improve domestic and international air cargo facilities and service for MSP.

GREAT! HOW CAN I SUPPORT TCATF?

Your membership will assist our region to become a major international gateway to the world! The businesses, communities and citizens of Minnesota, Wisconsin, the upper Midwest region and central Canada will all benefit.

Just fill in the information below and mail to the address below with your membership fee. We are a 501 (c) (3), not-for-profit, private organization, formed and in operation in the State of Minnesota

Twin Cities Airports Task Force

6040 28th Avenue South Minneapolis, MN 55450 • (612) 794-4444

YES! I WANT TO JOIN TCATF! Membership (One Time) Corporate Lifetime Membership . \$5,000 Individual Lifetime Membership . \$2,500 (Annually) Corporate Sponsor . \$1,000 Corporate 500 plus employees . \$500 Small Business under 500 employees . \$250 Individual . \$50 Student/Associate (non-voting) . \$15

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Phone	Fax
e-mail	
Class of Membership	Amount Enclosed
Payment Method	☐ American Express ☐ MasterCard ☐ Visa
Credit Card Number	Expiration Date
Signature	





Zip Code

TWIN CITIES AIRPORTS TASK FORCE

6040 28th Avenue South Minneapolis, MN 55450 (612)794-4444 "If you don't get your community on the worlds air service map, you aren't going to be on the economic map in the next century!"

> Leo Schafer, President Washington (D.C.) Airports Task Force

C. M. A. L.

COUNCIL OF METROPOLITAN AREA LEAGUES OF WOMEN VOTERS

PROGRAM FOR ACTION 1998-99

A Summary of C.M.A.L. positions

METROPOLITAN COUNCIL

CMAL Position -- Supports the Metropolitan Council as the decision-making body for metropolitan needs in accordance with these criteria: efficiency and economy, equitable financing, flexibility, citizen control and responsiveness to the electorate. CMAL supports provision for coordinated metropolitan services focused through the Metropolitan Council. CMAL supports retention of an appointed Metropolitan Council with greater use of its existing powers. (1969) (1976) (1993)

Details:

- ---The appointed Council is seen as less parochial, less subject to special interests, and better able to adopt and maintain unpopular positions for the good of the entire area.
 - --- The appointed Council is responsible to our elected state Legislature and watched over by our elected local officials. (1969) (1976) (1993)
- CMAL supports an open appointment process including publicized vacancies; increased citizen, local government and legislative influence on appointments; formal qualifications for office; establishment of a removal procedure for members of the Council, and district apportionment based on population.
- In the event that it appears that the Council may become an elected body, CMAL supports nonpartisanship of candidates with availability of public financing, with selection of the chairman made by the council members from among their number; maintaining of population as the basis for districts, election of Council members at the same time as local officials, continuance of a part-time Council and of the per diem basis for compensation. (1976) (1993)

ENVIRONMENT

CMAL Position -- Supports a requirement that local governments adopt implementation ordinances for protection of environmental quality for review and approval by the Metropolitan Council. (1981)

Details:

- * This includes water quality standards in the management of non-point sources of water pollution, the management of on-site disposal systems, and the protection of open space and wetlands.
- * The Metropolitan Council should have a role in educating the public.

LAND USE AND ENVIRONMENTAL QUALITY

CMAL Position--CMAL recognizes that increased pressures for development in the entire Twin Cities area indicate the need for a strong public voice in land-use decisions. CMAL supports metropolitan-level planning, programs and policies directed toward channeling development in ways that will: (1) preserve and enhance the natural environment, (2) use public investment to the best advantages, and (3) provide area residents with diversity in choice of facilities and amenities. (1972) (Also see LWVMN and LWVUS positions.)

Details:

- * CMAL supports:
- channeling growth so that necessary public services are provided in an efficient, orderly pattern.
- -- preserving the natural environment to the extent possible by protecting land and water during and after development, and from development where necessary, and preserving open space for recreation, protection and amenity.
- -- using land in the seven-county area to implement social goals, such as a full-range of housing choice, adequate transportation, parks and the necessary facilities and amenities to enhance the quality of life
- -- the Metropolitan Council should be authorized to develop the policy tools necessary to implement these goals, provided local governments are involved in decisions affecting them.

SCHOOL INTEGRATION/DESEGREGATION

CMAL Position -- Supports the following measures to achieve school integration/desegregation in the metropolitan area: (1991)

- -- Mandatory participation by school districts
- -- Voluntary participation by students
- A combination of student exchanges, magnets and incentives
- A combination of incentive plans for school districts and individuals funded by state money
- -- Redrawing of school district lines (as necessary)

HOUSING

CMAL Position -- Supports the Metropolitan Council as the Housing and Redevelopment authority acting as an administrative agency providing technical assistance to communities requesting service. CMAL opposes an independent regional body separate from the Council to own and operate subsidized housing. (1981)

SOLID WASTE

CMAL Position -- Supports the establishment by the Metropolitan Council of a system for controlling the flow of solid waste for recycling and resource recovery. (1981)

WATER SUPPLY

CMAL Position -- Supports the Metropolitan Council as the agency to plan and coordinate the water supply needs of the region. (1995)

Details:

CMAL supports:

- water supply as a regional system with Metropolitan Council review and approval of local plans and implementation of the water supply system through local water utilities
- -- supports consideration of water supply availability in shaping the growth of the Twin Cities Metropolitan Area, and that the Metropolitan Council should have authority to deny approval of development in areas with limited water supply availability through approval of amendments to land use plans.
- -- supports protection of water supply resources, emergency response, and water conservation as high priorities in a regional water supply plan, with plans for alternative sources of water a slightly lower priority.
- -- water supply becoming a regional operating system only if implementation of local water supply plans is ineffective and threatens the water supply of the region, or major regional investments are needed for interconnections to provide for the water supply of the region, and/or if supplies of water must be brought in from outside the region.

HOUSING/HEALTH CARE FOR THE AGING

CMAL Position -- Supports local planning for the housing and service needs for the elderly and disabled in the community, and the preparation of a local "Blueprint for Action". CMAL supports local ordinances which allow for the provision of housing and services necessary to meet the needs of the aging. (1989)

Details:

- * CMAL supports the provision of a single telephone number at the local level for information and referral for senior housing and services available in that area (CMAL supports the city as the most appropriate provider of this service).
- * CMAL supports the provision of additional health, home care, and housing support services as they become necessary. CMAL supports flexibility in the provision of these services. Providers can be in the private sector (profit or non-profit), the county, city, school district, community center, the informal network or any combination of these.

TRANSPORTATION

CMAL Position -- Supports the Metropolitan Council as the single metropolitan agency to plan and coordinate a diverse transportation system, meeting varied needs, and to have approval authority over this system's major capital expenditures. New funding sources should be service related. (1983) (Also see LWVUS position)

Details:

- * CMAL supports various modes of transportation, both public and private; ridesharing, carpools, vanpools, paratransit, buses and deregulated taxis. A light rail transit mode can be supported if assured high ridership, economic feasibility and integration into the total transportation system.
- * CMAL supports transportation service for the handicapped, fringe parking and feeder services; High Occupancy Vehicle (HOV) lanes, bikeways, walkways and selected reduced fares.

FUNDING/FINANCING

CMAL Position — Supports area-wide sharing of fiscal resources to move to wards the solution of problems created by fiscal disparities and to finance services which benefit the Twin Cities Metropolitan Area as a whole or affect the lives of all its citizens. (1970) (1997)

Details:

- -- The integrity of the area-wide pool used in the sharing of fiscal resources should be maintained with no exception (1997)
 - -- Loans from the pool should be discouraged and if made should not be forgiven (1997)

FINANCING METROPOLITAN SERVICES

CMAL Position -- Supports operating and maintaining the metropolitan systems and services with a mix of funding sources specific to each service (federal, state and local funds and user fees). If a supplemental fund is created, CMAL supports additional user fees, new or increased, appropriate to the service. (1985)

Details:

- * CMAL supports improved accountability of metropolitan agencies by:
 - -- uniform reporting and submittal dates of agency development programs to the Metropolitan Council.
 - a responsible, uniform system of administrative procedures for all metropolitan agencies.
- * CMAL supports improved accountability of the Metropolitan Council by:
- -- establishment of a permanent legislative committee/commission for metropolitan affairs.
- -- regular reports to the legislature on regional programs for financing.
- -- regular reports and discussion sessions with local elected officials.
- -- responsible administrative procedures.

HEALTH

CMAL Position -- Supports the continuation of health planning and coordination at the metropolitan level with state and/or regional funds, if federal funds are reduced. (1981)

COUNTY GOVERNMENT

CMAL Position -- Supports measures to ensure accountability and visibility of county government. Also, CMAL supports measures to improve cooperation and communication between the Metropolitan Council and county government within the metropolitan area. (1975)

Details:

- * Accountability of a governmental body is obtained by the effective communication of its policies and procedures to residents of its jurisdiction. While accountability to the citizenry is recognized as a responsibility of all governments, CMAL also recognizes the responsibility of citizens to become adequately informed and involved as well as to participate in the election process. While not limited to the following, accountability of county governments would be increased by the following:
- public access to the budget process where priorities and policies are set, including, for example, citizen review of revenue-sharing allocations and funding for public services and citizen review of methods of setting budget priorities.
- -- systematic and objective evaluation of county programs.
- -- creation of a public information system to ensure not only public access to meetings of the county board and advisory committees but also more understanding of the issues being considered by the county board by ample publication of location, time, date and agenda of meetings; dissemination of information on the procedures for citizen appointments; and publication of background information prior to the decision-making time when policy is set.
- regular communication between county and municipalities and other levels of government
- -- full disclosure of campaign financing by every candidate in county elections.
- * The Metropolitan Council is viewed as the regional planning and coordinating body, while the counties are viewed as administrators, implementors, and enforcers of regional policy. CMAL believes that counties should be involved in the initial planning and policy-making stages of Metropolitan Council activities in order for counties to carry out their eventual implementation.

The Council of Metropolitan Area Leagues of Women Voters (C.M.A.L.) is comprised of the 25 LWV's in the seven-county metropolitan area and provides a mechanism for them to respond to area-wide issues.

JUST A REMINDER

Be sure to check with the CMAL Chair Teddy Geokezas, 426-7702, before using a CMAL position.

COUNCIL OF METROPOLITAN AREA LEAGUES League of Women Voters, 550 Rice Street, St. Paul, MN 55103, (612) 224-5445

December 9, 1998

Emily Ann Staples Tuttle To:

Member, Transition Team of 1998-99 with

Governor-elect Jesse Ventura

Congratulations on your appointment! We thank you for the opportunity to visit with you about issues which concern us.

Attached you will find the 1998-99 Program for Action delineating CMAL positions arrived at through studies, updates and consensus.

Today, however we wish to highlight two areas: Metro Governance; and Affordable Housing.

METRO GOVERNANCE: (statement from Program for Action 1998-99)

CMAL supports the Metropolitan Council as the decision-making body for metropolitan needs in accordance with these criteria: efficiency and economy; equitable financing, flexibility, citizen control and responsiveness to the electorate. CMAL supports provision for coordinated metropolitan services focused through the Metropolitan Council. CMAL supports retention of an appointed Metropolitan Council with greater use of its existing powers. (1969) (1976) (1993)

Our Concerns are:

- --keeping the process open and publicizing vacancies
- -- appointing those with a regional citizenship perspective
- --serving at the will of the governor
- --need for staggered terms
- --need to evaluate the performance of the Council after mandate by Legislature in 1994

AFFORDABLE HOUSING: (from LWVMN position statement)

The League believes that all people have a right to housing. The public and private sectors should work together to ensure that everyone has access to adequate, decent, affordable housing.

The Council of Metropolitan Area Leagues of Women Voters (CMAL) is comprised of the 25 local Leagues of Women Voters in the seven county Metropolitan Area and provides a mechanism for League response in the field of area-wide governmental issues.

Anoka/Blaine/Coon Rapids Area Arde	n Hills/Shoreview D Bl	loomington Brook	klyn Center Brool	klyn Park/Osseo/ Maple
Grove □ Crystal/New Hope/East Plymou	th 🗆 Eastern Carver Co	ounty 🗆 Edina 🗆 Fr	ridley Golden Valle	ey Mahtomedi Area
☐ Minneapolis ☐ Minnetonka/Eden Pra	irie/Hopkins New Br	righton D Northern D	Dakota County Ric	chfield Robbinsdale
☐ Roseville/Maplewood/Falcon Heights	□ St. Croix Valley □	St. Louis Park St.	Paul South Tonka	□ Wayzata/Plymouth
Area White Bear Lake/North Oaks				

Following are some barriers in the process to gain more needed affordable housing in the metro region, as identified by the current (1997-99) CMAL study.

--affordable housing is not included in every community's comprehensive plan

--bureaucracy needs streamlining to make affordable housing decisions possible

--loss of affordable housing takes many forms, including conversion of low income housing to higher income property

--zoning, particularly in outer suburban communities

We wish you continued success as you prepare for Minnesota's newest Governor to begin his tenure. Please share our concerns and interest with him.

Teddy Teddy Geokezas

Chair

Kris Madson-Nelson, chair Affordable Housing Study Committee

Ann Duff, president, S. Tonka LWV Phyllis Letendre, member, Affordable Housing Study Committee Susan Reinhart, Board member and Program chair Chris Scanlan, recorder, Affordable Housing Study Committee

Attachment: Program for Action, 1998-99

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Summary of 1999 Legislative Recommendations

TRANSIT

These legislative requests are part of an overall regional plan to improve the Twin Cittles transit system. The goal is to double transit ridership over the next 20 years. Achieving it will take a sustained commitment. The requests form a sound foundation from which to move ahead in future years.

- Appropriate \$120.6 million to help operate and make service improvements to
 the regional transit system. \$9.9 million would be used to continue service increases
 put into effect in the current biennium and to cover cost increases in wages and
 materials. \$12.7 million would be used for service improvements with a goal of
 increasing ridership by five percent.
- Appropriate \$2 million to use transit to help people get to jobs and training. The funds would continue the "welfare-to-work" initiative for a second biennium.
- Authorize the Metropolitan Council to issue \$52 million in regional bonds for transit capital projects. The funds would be used to match federal grants, replace 292 buses and construct transit stations along Interstate Hwy. 35W south of downtown Minneapolis. The Twin Cities has the lowest per capita investment in transit compared with similar sized systems. The bonding authority request is \$6 million more than provided in the current biennium.
- Establish an ongoing and predictable debt service levy limit on regional bonds for transit capital projects. This limit would take effect for taxes payable in the year 2002, and the limit would be \$28.5 million. The change is needed so the Council can better plan its long-range transit capital improvements.
- Amend tax "feathering" provisions for communities that do not get full transit service so small service improvements do not dramatically increase a community's transit tax to a degree far in excess of the added service. Change the frequency of service criterion from every 60 or less minutes during midday time to a frequency of 30 or less minutes. Forty-two cities would see a tax reduction with the change, which would require the state to increase its funding for regional transit by \$2.1 million for the biennium.

- Establish an annual state bonding program for transit. Doing so would enable the Council to better plan its long-range capital investments such as bus garages, transit stations, park and ride facilities and transitways.
- Establish a new, dedicated transit growth investment fund. The fund would supplement existing funding sources, and could be part of a larger funding package.

REGIONAL PARKS

Appropriate \$9.9 million to supplement local funding of the operation and
maintenance of the regional park system. Some 25 percent of regional park visitors
come from outside the Twin Cities region. The request would result in these visitors
paying 7 percent of the costs. Ideally, they should finance 25 percent of the operation
and maintenance costs.

METROPOLITAN RADIO BOARD

Continue the board for five years until the new 800 megahertz public safety
regional radio communications system is in place. Current law sunsets the board in
July 1999. The board needs to continue to carry out its fundamental job of overseeing
implementation of the system. The board has successfully moved the system forward
and its knowledge and expertise should be retained.

SEWER AVAILABILITY (SAC) CHARGE

 Modify how the Metropolitan Council sets the charge so new users pay their rightful share of the extra capacity built into the sewer system for them. The current formula involves an estimate of the reserve capacity in the sewer system for new users. The change would base the formula on capital expenditures and be more equitable.

BLUE LAKE WASTEWATER TREATMENT PLANT PUMPING PERMIT

 Approve a permit request allowing the plant to pump groundwater in a volume exceeding two million gallons a day. The pumping will be needed as a safety shield around the plant. It currently benefits from pumping at a nearby private quarry. The quarry owner, CAMAS/Shiely, intends to cease pumping in the near future.

COUNCIL STAFFING

- Authorize the Council to offer an early retirement incentive to encourage eligible Metropolitan Council employees to retire. Doing so will help make the organization more efficient.
- Allow the Metropolitan Council to transfer employees to other political subdivisions in the state and to receive transferred employees from other

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subdivisions. The request clarifies the Council's authority to do so as part of an effort to make the organization more efficient.

MISCELLANEOUS

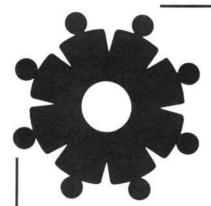
- Establish 60 days as the common time frame communities have to review the proposed comprehensive plans of adjacent jurisdictions. Two state laws currently have different time periods.
- Add Metro Commuter Services to the statute listing organizations providing rideshare programs. This makes it clear rideshare data collected by the Metropolitan Council is classified as private.
- Eliminate the requirement for the Metropolitan Council to prepare the Council
 and Metropolitan Agencies Financial Report. Other mandated reports already contain
 the information.
- Change the schedule and requirement for a performance audit of the operation of the Twin Cities transit system from every two years to every four years. Doing so aligns it with a similar report and means a performance audit will be done every two years.

230 E. 5th St. St. Paul, MN 55101 651 602-1000

Publication No. 14-98-046p December 1998

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State Council on Vocational Technical Education

December 4, 1998

Ms. Emily Anne Tuttle 1225 Shoreline Drive Wayzata, MN 55391

Dear Ms. Tuttle:

As a key advisor to Governor-elect Ventura, you are probably very busy and flooded with requests for your immediate attention to numerous public policy questions. This letter and its enclosure represent such a request. Because I am equally sure that one of the most pressing duties of the office of the Governor-elect is to prepare a proposed budget for the 2000-01 biennium, I believe it is important for someone to bring the enclosed report to your attention.

The enclosed Findings and Recommendations of the Legislative Roundtable on Vocational Technical Education, was published on January 15, 1998 at the request of the 1997 Minnesota State Legislature. It reports the outcomes of the work of a roundtable composed of thirteen individuals who convened for ten meetings between October 1997 and January 1998. Their conclusions and recommendations were based on reflective discussions of and reactions to presentations of hard data and reliable information made to this working group by various state agencies and other stakeholders. I believe it represents the results of careful deliberations on the recent history and current state of vocational technical education in Minnesota.

Copies of the executive summary or the full report were distributed on January 15, 1998 to all members of the Minnesota State Legislature. Due to a rather short but lively session and the spirited discussions concerning stadium funding and hog lots, little work was done by the 1998 Legislature in direct response to this report. However, the report did raise the visibility of vocational technical education among the members of the Legislature to a greater degree than it has enjoyed in many years. I believe that many of the recommendations contained in this report will receive serious consideration during the 1999 session of the Legislature.

Ms. Emily Anne Tuttle December 4, 1998 Page 2

The State Council was charged with staffing the Legislative Roundtable. Among the facts presented to the Roundtable members by the State Council were the following:

- State funding of secondary vocational technical education dropped precipitously in the late 1980's and has never recovered. State funding of secondary vocational technical education was \$21.1 million in 1986. For 1997, state funding was \$12.4 million (58% of 1986 levels, even lower when adjusted for inflation). Paralleling this loss of support for secondary vocational technical education, the Council has observed:
 - a loss of secondary students concentrating (3 or more credits) in vocational technical education programs;
 - 2) the loss of vocational technical education leadership (secondary vocational administrators) throughout the state of Minnesota and within the state agency; and,
 - shifts in vocational education student course-taking from the full spectrum of vocational program offerings toward higher concentrations of students in vocational courses that can handle 20-25 students in each class—specifically, business and office occupations and home economics—without regard to the value of those programs in the labor market.
- While college prep has become the default track for secondary education—all the while we were claiming that we are against tracking students—the facts remain that:
 - 1) the number of students finishing a four-year degree is less than half of the number who enter four-year colleges and universities (higher education is the only sector of our economy that is able to remain viable with a 50% scrap rate);
 - 2) the production by higher education of individuals with baccalaureate degrees far exceeds the need for this level of training in the job market—the market for individuals with four-year degrees (about 23% of all jobs) has remained steady for the past forty years and does not seem to be growing; and,
 - 3) the individuals who attempt four-year degrees and do not finish, as well as those individuals who finish and are subsequently underemployed, all draw student aid during the time they are in higher education and carry their obligation to repay their student loans with them into the job market.
- Parents, school counselors, and other educators are important gatekeepers with strong
 influences on students' choices concerning their educational goals. Parents and educators
 need to be provided with accurate comparative information on the economic value of
 various educational choices. In states that have been collecting such data (Florida, for
 example), evidence is building that postsecondary technical education is beginning to
 outperform the baccalaureate degree—in terms of wages and employment—in the labor
 market.

Ms. Emily Anne Tuttle December 4, 1998 Page 3

• School counselors, at the secondary and postsecondary levels, have become bogged down in their roles as registrars and crisis counselors. Their daily activities as registrars/discipline officers/crisis counselors and their caseloads (ratio of counselors to students) often prevent them from executing one-third of the duties for which they were trained—career development. High-quality extended career counseling is vital to ensuring that secondary students make educational and career choices consistent with a personally successful and economically-viable future.

I hope you find the recommendations of the Legislative Roundtable report authoritative enough to include some or all of them in your recommendations to the new Governor. Minnesota has been losing ground over the past few years in its support of secondary and postsecondary vocational technical education. Recent educational initiatives, such as Tech Prep and School-to-Work, have resulted in a renewal of vocational technical education in other states. It is imperative that such an important feature of economic development should not continue to be overlooked in Minnesota.

Thank you for your consideration of this letter and the accompanying report.

Sincerely,

Duane A. Rominger Executive Director

Enclosure



Put Your Best Foot Forward

IES

International Education Systems

26 East Exchange Street Suite 313 St. Paul, MN 55101 Tel: (651) 227-2052 Fax: (651) 223-8383 e-mail: iespybff@aol.com

Web: www.internationaleducation.net

November 23, 1998

Emily Anne Tuttle 1225 Shoreline Drive Wayzata, MN 55391

Dear Emily:

Nice seeing you today at the Minneapolis Club. I am so glad you will be working with our new Governor. I think it is so exciting for our state.

I have enclosed my books and the cover and table of contents for my upcoming book. I have also enclosed a copy of my proposal to Steve Bosacker.

I look forward to further discussing this subject with you.

Thanks for your time and interest.

Mary Bosrock

Mrs. Mary Bosrock

President

Should you so much for sending the box of books. I haven't had a chance to do more than glance at them but they make a great contribution to cultural understanding. after things calm closer a bit I'd love to risit. In the meantime all good boleday wishes



Put Your Best Foot Forward

IES

International Education Systems

26 East Exchange Street Suite 313 St. Paul, MN 55101 Tel: (651) 227-2052 Fax: (651) 223-8383 e-mail: iespybff@aol.com Web: www.internationaleducation.net

My proposal:

- I would like to present a mini-international awareness presentation to your staff and the Governor. This could be a brief, one to two hour, introduction on "need to know" protocol issues.
- I would like to provide the staff and appropriate people with my series of books to use as references.
- I would also be available to the Governor, Mrs. Ventura and your staff to advise you on protocol issues as they arise.





3400 CITY CENTER 33 SOUTH SIXTH STREET MINNEAPOLIS, MN 55402-3796

612 343-2800 FAX: 612 333-0066

WEB SITE: www.gpmlaw.com

Heather Peterson Government Relations Specialist 612 343-2940 heather.peterson@gpmlaw.com

December 11, 1998

VIA MESSENGER

Emily Anne Tuttle 1225 Shoreline Drive Wayzata, Minnesota 55391

Dear Emily Anne:

Thank you for meeting with us yesterday morning. We truly appreciate your taking the time to consider the funding issues surrounding Minnesota's Extended Employment Program. Thank you, also, for your willingness to advance our concerns to Governor-elect Ventura as he and his staff formulate the Governor's budget for the next biennium.

I have enclosed a one-page fact sheet that explains what MACRO is; how, as Extended Employment providers, MACRO members are connected with Minnesota's Extended Employment program; and the program's current funding crisis. I have also enclosed supplementary information showing where MACRO facilities are located and the various levels of employment support services.

Please contact me if you have any questions or need more background information. I will contact you next week to follow up on the progress of our request to be included in Governor Ventura's budget.

Very truly yours,

GRAY, PLANT, MOOTY, MOOTY & BENNETT, P.A.

Heather Peterson

MINNESOTA ASSOCIATION OF COMMUNITY REHABILITATION ORGANIZATIONS (MACRO)

A Financial Crisis Challenges Minnesota's Extended Employment Program

WHAT IS MACRO?

MACRO is a state-wide coalition of 22 private, non-profit businesses that operate Minnesota's Extended Employment program. Extended Employment programs **provide jobs and job training services for 7,500 people** with physical and developmental disabilities -- people previously thought to be unemployable. This is a \$130 million industry in Minnesota, for which the State of Minnesota provides only \$10 million.

Businesses contract with a MACRO facility to have work done at the that provider's facility by people with disabilities. The businesses also hire disabled workers trained by MACRO providers. In the last few years, Extended Employment providers have expanded their clientele to include welfare recipients with the most severe impairments to employment.

PAY-FOR-PERFORMANCE FORMULA

Minnesota's Extended Employment program is funded purely on a performance-based formula.

MACRO businesses only get State reimbursement for their services when MACRO clients are working!

REIMBURSEMENT RATES FOR EXTENDED EMPLOYMENT HAVE NOT CHANGED SINCE 1987

While Minnesota suffers a serious workforce shortage, the unemployment rate among people with disabilities remains approximately 65%. The Extended Employment program already infuses thousands of disabled people into Minnesota's workforce and could do more. Diminishing resources, however, are making it difficult for MACRO members to continue providing even the current level of Extended Employment services. Without an increase in reimbursement rates, Extended Employment providers may be forced to begin closing their doors at the very time when they can help alleviate the current pressures of an intense workforce shortage.

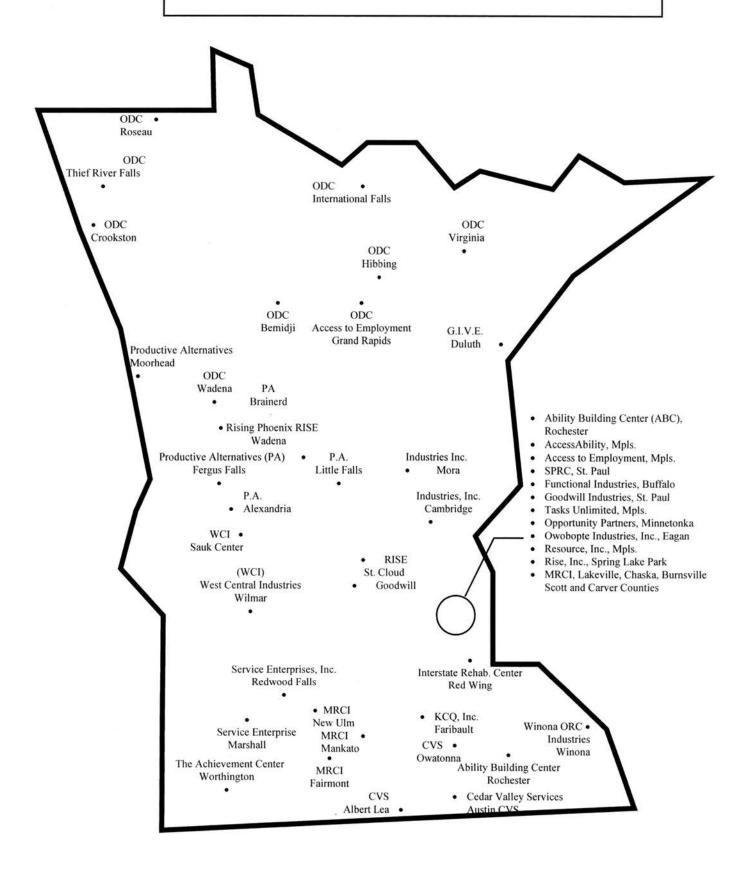
MACRO businesses have been extremely creative in finding additional sources to supplement funding for Extended Employment services. MACRO businesses have managed to leverage approximately \$4.00 in private funds for every State dollar invested in the Extended Employment Program. Extended Employment providers, however, have realized the limits to which communities are willing -- and able -- to support fund-raisers, thrift shops and other efforts.

Although counties have provided funding for the Extended Employment program, they also are stretched to the breaking point by costs imposed on them by the federal government. Furthermore, many counties are restricted by the levy limits imposed by the Minnesota Legislature.

REQUEST FOR GOVERNOR-ELECT VENTURA'S SUPPORT

The \$10 million provided for the Extended Employment Program is administered by the Department of Economic Security, Rehabilitation Services Branch, and has remained at this funding level for 12 years. MACRO is seeking the support of Governor-elect Ventura and respectfully requests that he increase the appropriation for this program from \$10 million to \$13 million in his budget proposal to the 1999 Minnesota Legislature. A \$3 million increase in Extended Employment reimbursement rates will allow MACRO businesses to continue operating Minnesota's Extended Employment program -- an extremely cost-effective program that infuses thousands of people with disabilities into Minnesota's workforce.

MACRO's Statewide Providers and Facilities



A SAMPLING OF MACRO'S STATE-WIDE BUSINESS PARTNERS

3M Dental Products

Abus Lock Co.

Advantek

12 - 3 ;

Alexandria Diesel

Alliance Health Care

American Legion Post 54

AmeriData

Anasazi

Anchor Paper

Andersons Pine Edge Inn

ARA

Arby's

Arby's

Area Adult Learning Center

Aroplax Corporation

Axel's Grill

B & R Bindery

B & W Coffee

Bachman's Bakers Square,

Apple Valley

Bakers Square, W. St. Paul

Bally's US Swim & Fitness

Banks

Barb Hellman

Barclay International

Barlow Promotional Products

Barrel O'Fun

Barton Enterprises

BBRZ, Inc.

Benco

Best Buy

Best Western

Bethesda Care Center

BFI

Bishop Fixture & Millwork, Inc.

Biorlin Forms

Black Dog Orchard

Bon Appetit

Brenton Engineering

Bridgewater Financial

Broadway Pizza

Brown & Bigelow

Buffalo American Legion Post

Buffalo Burger King

Buffalo City Parks

Buffalo Dry Cleaners Assoc.

Buffalo Hello

Buffalo Knights of Columbus

Buffalo Legion Auxiliary

Buffalo Public Library

Buffalo Run Dining Club

Buffalo Veterinary Clinic

Building Materials Inc., Delano

Burger King

Burger King, Burnsville

Byerly's Bakery

Cannon Valley Woodworking

Car Quest, Lakeville

Carbone's

Cardiac Pacemakers

Carlson Enterprises

Carlson Trucking

CBM

CCL Label

Cedarvale Lanes

Centennial Shipping Products

Central MN Mental Health Center

Central MN Mental Health Center

Central Specialties, Inc.

Century Graphics

Cherokee Sirloin Room, Eagan

Cherokee Sirloin Room, W. St. Paul

Chicago Title Insurance Co.

Circus Pizza

City Limits Bowling Alley

City of Apple Valley

City of Dent

City of Fergus Falls

City of Parkers Prairie

City of Perham

City of Red Wing

Clyde Machines

CNK Contract Interiors

Coborns

Cokato Marketplace

Colonial Lounge

Community Health Foundation

of Wright County

Concordia Church and School

Conoco, Buffalo Continental Mfg. Inc. Contract Services

Coremar Corner Drug Cossetta

Country Grille Country Kitchen

Country Pine Apartments
Courthouse/Citizen's Building

Covered Bridge Restaurant and Lounge

Cracker Barrel, Lakeville

Cray Research CSN, Inc.

Cu Foods, W. St. Paul

Cub Foods

Cub Foods, Apple Valley

D & K Foods

Dahlke Trailer Sales

Dairy Queen

Dairy Queen, Plymouth Dakota Boys Ranch Dakota County

Dakota County Library, Eagan Dakota County Library, Hastings

Dakota Electric Association

Dalco Damark

Dan and Jerry's Greenhouse

Daybreak Foods

Days Inn

Dayton's Everyday Hero

Dealer's Livestock Equipment Co.

Dean's Country Market Decorative Services DEK Outdoors

Delano Area United Way Dental Resources Inc. Dept. of Corrections

Design Ink

Dick's IGA Foods Dick's Standard DiMed

Doc's Auto Service Double OO Lures

Douglas County D.A.C. Downtown Minneapolis Residence Association Drover's Inn, S. St. Paul

DRS, Monticello

E-Z Guard

Eagan Athletic Club Eagan Convention

Ebenezer Covenant Home Econofoods, Buffalo

EduServe

Edwards Brothers Eisele Greenhouse Electric Co-op

Exec-U-Care Services

F & M Plastics
Falls Fabrication
Farmers State Bank
Farmers State Bank

Fashion Bug Federal Cartridge

Fergus Falls Community College

Fergus Falls Regional Treatment Center

Fergus International
Fingerhut, Inc.
First Banks
First Impressions
Fiskars/Power Sentry
Four Rivers Produce Co.

Frigidaire

Frontier Equipment

Gallipot, Inc.

Generations Day Care

Genereux Generic Media

Geno's

Golden Plump Chicken

Goodhue County

Goodhue County Rural

Goodhue County Social Services

Goodhue Post Office Goodwill/Easter Seal Grand Casino, Mall of America

Green Eagle

Grizzley's Grill & Saloon Ground Round, Burnsville Groves Elementary School

Hager Telecom Hair Rayzers

Hallstrom's Greenhouse

Hardee's Hardee's

Hardee's [Fergus Falls] Hardee's [Little Falls] Hardee's [Long Prairie] Hardee's, Buffalo

Haven Homes Hazelden

Heartland Components Hemmerlin Construction

Hennepin Country Hennepin County Heritage Display

Hi-Lex

Hi-Tech Express High Plains Co-op

Hillig Implement Co. Inc.

Holiday Companies Holiday Companies Holiday Express Holiday Inn

Holiday Inn Express

Holiday Plus

Hope Evangelical Lutheran church

Horseman Stables

Howard Lake Lions Club Hygenic Service Systems Independent School Dist. #482 Independent School District #196

Innovid

Internatural Design ISS Contract Services Italian Pie Shoppe ITEN Leasing

ITS

ITT Finance

J & B Meat Products

JC Penney
Jebro, Inc.
Jerry's Farm
John Miles Co.
John Roberts Co.
Judy Instructo
K.B. Design
KCUE/KWNG
Kenneth Johnson
Kensington Cottages

Knott's Camp Snoopy Knox Lumber Koch Refinery Kohl's, Burnsville Kohl's, Eagan L P M, Inc. La Roche

Lake City Parks

Lakeville Family Restaurant

Lazers H20 LBM Corp. Linens & Things

Little Falls Greenhouse Little Falls Machine

Lofton Label

Long Prairie Memorial Hospital

and Home

Loretto Knights of Columbus Lutheran Senior Citizens Home

Lutheran Social Services

Lynde Chemical Mabel Murphy's

Main Street Marketing & Promotions

Maple Lake Legion Maple Lake Schools Marco Diversified

Marie Callender's Restaurant,

Burnsville Marriott Inn

Marriott Management Services

at Northwest Airlines

Marriott-Courtyard, Mendota Heights
Marsden Building Maintenance

Marsden Building Maintenance Marysville Township United Way

McDonald's

McDonalds (Guests, Inc.) McDonalds, Big Lake McDonalds, Buffalo

McGlynn's Bakery, Apple Valley

McKee Carpet

MDI

Media Play Medtronic, Inc.

Menards

Menasha Corp.

Middleville Community Chest Midwest Coca-Cola Bottling Midwest Industrial Fuels Midwest of Cannon Falls Midwest Telephone Station

Midwest Warehouse Miles Homes, Inc.

Minco Control Company

Minnesota Children's Museum Minnesota Department of Education

Minnesota Mutual Life Minnesota Viking Foods

MN Meat Masters
MN Municipal Utilities Assoc.

Monticello United Way

Monticello-Big Lake Nursing Home Monticello-Big Lake Pet Hospital

Montogmery wards Morken Trailer Sales

Motel 6 Motel 7

Mounds View Police Department

Movies at Burnsville
Mr. & Mrs. Jed Bollig
Mr. & Mrs. Roger Rimpy
Mr. & Mrs. Steve Szarke in

memory of Charles ' and Russ Moore

Mr. & Mrs. Vince Mayer

MRCI

Mrs. Evelyn Mitchell in memory

of Charles Mitchell

MTC

Mystic Lake

Mystic Lake Casino

Nadine's ladies Fashions National Car Rental National Rod End

Native Artistic Expression

Neighborhood Energy Consortium

Nelson Bros. Printing, Inc. Nelson Ford-Lincoln-Mercury-

Mazda, Inc. Nelson Nursery

New Horizon Child Care Center, Eagan

Newman's Mfg. Inc. Norseman Cafe North Branch Plaza Northern Cap. Northern Contours

Northwestern Chiropractic College

Northwood Press

NSP

NSP Steam Plant Nycon, Inc. Office Depot

Old Country Buffet Old Country Buffets Old Fashioned Foods Olympic Graphics Otter Tail Coaches

Otter Tail County Recycling
Otter Tail County Social Services

Ottertail Nursing Home Ottertail Wash & Dry

Our Kids Day Care, Maple Plain Palm Beach beauty Products Parkers beauty & tanning Parkers Dental Office

Parkers Prairie Public Schools

Parkers Trumm Drug Payless Shoe Source Penrose Oil Co. Perham Linen

Perham Public Schools

Perkins

Perkins, Buffalo Perkins, Hastings Perkins, Monticello Pet Food Warehouse Pete & Joys Bakery Peterson Potato Farm

PetSmart

Pizza Hut [Alexandria] Pizza Hut, Buffalo PJ's Gas & Grocery Planned Parenthood Plasma Coatings

Pre Max

Premier Marine Prime Source

Plastic Products

ProEx

Project Research

Protech Put-Ons QSS Home Quality Inn

Quality Quick Bindery

Quebecor, Inc.

Questar Data Services Raddison Arrowwood Resort/Conv. Center

Radisson Hotel RAEHN Company Rainbow Foods Rainbow Foods Ramsey County

Randy's

Red Wing Port Authority Reddi Brake Supply Redwood Industries Reese Enterprises, Inc.

REXAM River Ranch Rocket Aerohead Rollerblade

Rolling Green Country Club, Hamel

Rollins Leasing
Rosemount Boat

Rosepointe Senior Apartments

Ruan Leasing

Ruth Kasper (Coffee Time Support Group) in memory of Bernelda

Holthaus

RVS, Inc.

Saint Paul Companies Saint Paul Hotel Sax Foods, Elk River Schmid & Son Packaging

Scoville Press

Select Home Cleaning & Maintenance

Service Merchandise Shear Perfection Sheraton Park Place Shoreview Metalcraft

Shoreview Metalcraft, Inc. Shorty's Wrecker Service

Showcase Homes Smead Manufacturing Snyder Drug, Buffalo

Society of St. Vincent DePaul

Soderberg, Inc.

Solvay Animal Health

Sophie Goeb

Southview Acres Health Care Center

Spiegel

St. James Hotel

St. Joseph's Catholic Church St. Michael Knights of Columbus

St. Williams Annex Star Base Omega

Star West

State of Minnesota

Super 8

Super 8 Motel

Super 8 Motel [Perham] Super 8 Motel [Zumbrota]

Super 8, Buffalo Super 8, Lakeville Super Cycle SuperAmerica

SuperAmerica [Perham] Sylvander Heating T.J. Graphics

T.J. Graphics T.O. Plastics Taco Bell Taco John

Tailor Care, Monticello

Target

Target [Alexandria]

Target Stores, Inc.

Target Stores, Inc.

Target, Buffalo

TEC Industrial

Tesdall Motors

Test Pilot

Tharaldson Enterprises-Fairfield Inn

The Gap

The Ginther Group

The Independent

The Limited, Too

The Madisson Motel

The Sorting Center

Ticket Master

Time Frames

TJ Maxx

Tom Thumb

Tony Downs

Towers Restaurant & Lounge

Town Deli

Toys R Us

Treasure Island Casino & Bingo

Tree Trust

Tri-Action

Unisys

United Artist

United Mailings

United Methodist Church

United Trailer Leasing

Universal Printing

University of Minnesota

VA Medical Center

Valley Fair

Valvoline Rapid Oil Change

Vanity

Varner Clinic

Vaughn's

Viking Acoustical

Viking Sprinkler

Village Family Services

Vinylite Windows

Walker Methodist Care Center

Wallace Carlson Co.

Washington County

Wausau Supply Company

Waverly Knights of Columbus

Wendys, Monticello

West Publishing

West Side Service

Westman, Champlin and Kelly PA

Westridge Cinema

Westridge Mall

Whole Foods

World Footlocker

Worldwide Holidays

Wright County Courthouse

Wright Hennepin Electric

Wright Products

YMCA

YMCA [Fergus Falls]

YMCA [Red Wing]

2/13/97-1 GP:358518 v1 MACRO's clients participate in the program at one of the following levels:

Facility-Based Employment:

Participants begin work immediately at a MACRO provider's facility and are supported by a work supervisor and a case manager. Participants receive skills training and intensive post employment support. Post employment supports include "soft skills" training, crisis management, managing employee-employer relations, settling work-site disputes and integrating transportation and child-care needs into full-time employment.

Work Crew Based Employment:

Participants work with a crew of EEP workers at an employer's job site and are supported by a MACRO site supervisor and an off-site case manager. Participants who encounter difficulty are typically transferred to MACRO facility-based employment and continue to work.

Individualized Work Site Employment:

Participants work at individual jobs at an employer's site. Support is provided by a MACRO on-site job coach for the first few weeks and an ongoing caseworker. Participants who encounter difficulties transfer to facility-based employment and continue to work.

MACRO providers receive approximately \$140 million in annual funding from three sources: 1) revenues from work contracts with private businesses; 2) federal and state funding; and 3) private contributions.

MACRO providers receive only 30% of their annual funding from government sources. Of this, less than 15% comes from the state of Minnesota through the Extended Employment program. MACRO's state funding amounts to less than \$10 million per year. State funding, along with equivalent federal funding, leverages over \$90 million in annual production revenues from private businesses.





BOARD OF HENNEPIN COUNTY COMMISSIONERS

A-2400 GOVERNMENT CENTER MINNEAPOLIS, MINNESOTA 55487-0240

December 22, 1998

Emily Anne Tuttle 1225 Shoreline Drive Wayzata, MN 55391

Dear Emily Anne,

This packet supplements the earlier information I sent to you. It contains information regarding our top legislative priority and represents a significant financial opportunity for our new state administration. This opportunity could greatly assist both the State of Minnesota and Minnesota counties in their efforts to address concerns about local property taxes and state income taxes.

Based on a recent study commissioned by Hennepin and Blue Earth Counties, and a new, soon-to-be available study commissioned by the MN Department of Human Services, it is clear that the State of Minnesota and all of its counties are not receiving the full amount of federal reimbursements currently available for health and human service expenditures. The Hennepin/Blue Earth study alone suggests that there may be as much as \$60 million per year in unclaimed federal reimbursements for counties, and perhaps as much as \$60 million per year additionally in unclaimed federal reimbursements for state expenditures.

In addition, a recent national report notes that Minnesota's receipt of its share of federal funds compared to federal income taxes paid has steadily declined over the last 10 years. Minnesota is now 44th out of 50 states in its rate of return on federal tax dollars, as we now receive only 78 cents in federal funds for every \$1 paid in federal income taxes; ten years ago Minnesota received 95 cents for every \$1 paid in federal income taxes. By comparison, our neighbor North Dakota currently receives \$1.64 for every \$1 in federal income taxes paid.

I have enclosed for your review and dissemination some written materials describing this subject in more detail, along with a full copy of the study we commissioned. As you may surmise from reading the enclosures, this is a complex subject that touches on many issues currently under discussion in this State and its counties.

In Hennepin's case, our Board has identified this issue, --- we call it *revenue maximization* --- as its top priority for legislative action this next session. We believe it is a significant component of our property tax and service reform efforts. If you or any of your colleagues advising the new Governor wish to receive more information, please let me know. Hennepin County staff, led by Jamie Halpern, are at the forefront in the exploration of this issue and have developed several presentations on this subject. He and others would be available

Thank you very much for your continuing assistance.

Sincerely,

Peter McLaughlin

cc: Commissioners
Jeff Spartz
Mary Beth Davidson
Peggy Rehder
Jamie Halpern

I know this is a lob of information but it's mutable for passing along detays
know if there's anything lesse we should be down.

Be down.

Aspe you & Gedrey have a

Many Christman.

Federal Revenue Maximization in Minnesota

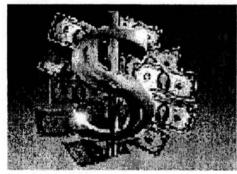
Findings and recommendations from a study commissioned by Hennepin and Blue Earth Counties

Jamie Halpern Hennepin County (612) 348-9259 Jamie.Halpern@co.hennepin.mn.us

Do The Feds Owe Minnesotans Money?

Local Taxpayers Getting Back 78 Cents For Every Dollar Sent To Washington

ST. PAUL, Posted 2:59 p.m. September 2, 1998 -- Minnesotans are getting less back from the taxes they send to Washington.



According to a new study, for every dollar Minnesotans sent to Washington in taxes last year, they got back just 78 cents in federal spending.

The study was released by the Northeast-Midwest Institute, a non-profit research organization.

A decade ago, Minnesotans received 95 cents on the dollar.

The study finds Minnesota ranked 44 among the 50 states in its rate of return on federal tax dollars. By contrast, New Mexico received a dollar and 90 cents for every tax dollar it sent to Washington, while North Dakota got a dollar and 64 cents.

The study says Minnesota gets shortchanged because the federal government spends relatively frugally in the state and Minnesotans pay higher-than-average federal taxes.

What is Federal Revenue Maximization?

- Seeking increased reimbursements from openended federal entitlements, primarily
 - ◆ Medicaid (MA): Title XIX Medical Assistance in MN
 - ◆ Child Welfare: Title IV-E
- Documenting current expenditures of state and county dollars in order to claim new federal reimbursements

The Copeland/Glenn Study

- Commissioned by Hennepin and Blue Earth Counties
 - ◆ State/DHS full cooperation (but not ownership of report)
 - ◆ Olmsted County an involved 'observer'
- Conducted by private consultants: Copeland, Glenn and Associates, Inc.

Purposes of the Study

- To identify financial opportunities to help us deliver services designed to achieve improved client outcomes
- To identify opportunities to maximize federal revenues, and *stabilize or reduce property tax spending* in health, mental health, and social service programs

Other purposes of the study...

- To identify the revenue maximization implications of specific service reforms and capitation strategies currently under examination:
 - ◆ County-Based Purchasing (CBP)
 - ◆ Demonstration Project for Persons with Disabilities (DPPD)
 - ◆ Children's Mental Health Collaborative (CMHC)

Findings of the Study

- There are significant opportunities for generating new federal reimbursements from the Medicaid and Child Welfare programs
- Reimbursements are available for BOTH county program spending AND state program spending

Findings of the Study

Note: Dollar amounts should be viewed as a guide to identify policy & program issues, not as a guarantee.

- County reimbursements from federal funds estimated:
 - ◆ State-wide: up to \$60 million annually
 - ◆ Hennepin: up to \$20 million additional federal funds annually
 - ◆ Blue Earth: up to \$600,000, or more, annually

Findings of the Study

- Estimated new federal revenues for MN counties:
 - ◆ \$600,000 \$1 Million per county per year for each 1% of state population residing in the county

Other Findings of the Study...

- State reimbursements estimated:
 - ◆ Up to \$30 to \$60 million additional federal funds annually
 - ◆ Annual revenues increase over time (\$30 \$40 \$60M)
 - ◆ Primarily in expanded eligibility and backclaiming for eligible clients and services

Some General Observations of the Consultants:

- Under-utilization of certain eligible Medicaid services in MN that are now covered in other states
 - ◆ I.e. Minnesota is not claiming federal Medicaid reimbursement as aggressively as other states

Why Is All This Federal Revenue Going Unclaimed?

- County spending on MA reimbursable services (using local funds and state grants such as CSSA and CHS) has substantially increased *in spite of income maintenance takeover agreement*, in areas not contemplated when the agreement was designed in 1989
 - ◆ IM agreement and State MA program have not been adjusted accordingly

Why Is All This Federal Revenue Going Unclaimed...

- TANF block grant left 'holes' in certain claiming programs: EA-IFPS, LCTS...
- PMAP and cost containment have been dominant priorities
- Poor and/or under-used incentives for:
 - ◆ State-county efforts for MA eligibility and outreach
 - County-provider efforts for MA and other third party claiming

Some Background on IM Takeover

- Income maintenance takeover agreement in 1988-89:
 - ◆ Initiated in state-proposed property tax reform
 - ◆ Counties were at-risk for growing health & welfare costs
 - ◆ Agreement that primary human service entitlements should be state financed
 - → Counties have little control over utilization
 - ◆ Named State tax revenues as the non-federal share of MA funding
 - ◆ Also, state-financed AFDC, GAMC, GRH, MSA, others...
 - → County contributions were eliminated
 - → HACA reduction phased-in

Some Background...

- ◆ Counties continued paying non-federal share of child welfare programs
- ◆ Results: Growth in health & welfare costs borne by the State instead of property taxes

(Statewide \$ through 1998):

- → Cumulative impact of \$350M in new state funding instead of county property tax funding
- → Now at \$75M/year of state funding & growing
- ◆ Results: Growth in local property tax spending on child welfare, mental health, adult services, and in other areas

Key Issues:

- Is there consensus on the goals of revenue maximization?
 - ◆ Improve program services and client outcomes
 - ◆ Meet un-met client needs
 - ◆ Stabilize or reduce reliance on property tax funding
- Need to build coalition between counties and the state

Key Issues:

- Is it possible to build on the foundation established by the 1989 Income Maintenance take-over agreement between counties and the State in order to capture new federal revenues?
 - ◆ This will expose the State to expenditure growth if funded under the current IM take-over agreement
 - ◆ State would be required to 'match' the \$60 million/year in new federal reimbursements

Key Issues:

- Can county spending in MA program be counted, and, if so, what are the policy implications?
 - ◆ Might this shift additional entitlement 'risk' onto counties?
 - → Counties already have such risk for child welfare
 - Requires modification of income maintenance takeover agreement

Some possible options & tradeoffs to earn new reimbursements:

- Expansion of State MA program and State expenditures
 - Perhaps with adjustments in other state funding to counties
- Certification of local spending and pass-though of federal revenues earned
 - ♦ Needs assurances and protections for counties through proper design of reimbursement system
- Some combination of the above

What kinds of assurances are needed if county funds are counted in expanded MA claiming?

- New federal reimbursements to counties must not be used to offset state spending for other state obligations
- Give counties the option to participate, or not participate, wherever possible
- Counties must decide themselves how new county reimbursements will be used:
 - ◆ No maintenance of effort
 - ◆ No service expansion requirements

More Needed Assurances...

- Proper *design* of new reimbursement system:
 - ◆ Reimburse current services, not expose counties to new service obligations
 - ◆ Don't make current services more expensive through 'medicalization' of programs
 - ◆ Don't insert new state authority over service decisions currently being made by counties
 - ◆ Risk sharing, not risk shifting (e.g. case-load 'indexing' in new Rule 79)

What Is Required?

- State legislative changes to expand state MA program and/or permit certification of county spending
- State administrative actions to implement legislative changes and pursue expanded eligibility
- County administrative actions to pursue claiming and assist the state in expanded eligibility efforts

Suggested Priority Areas for Revenue Maximization:

- MA for children's out-of-home group care and residential treatment programs (Rule 5)
 - ◆ MA Rehabilitation Option for children in MN currently exists; Could be used to establish MA reimbursement for children's group care now, without new state plan amendment
 - ◆ \$7 Million/year for Hennepin & Blue Earth
 - est. \$20 Million/year state-wide?

Suggested Priority Areas for Revenue Maximization:

- Establish MA Rehabilitation Option for adults with DD,
 MH, or other severe handicapping conditions
 - ◆ Including day treatment, in-home, and residential support services
 - ◆ Counties need substantially more flexible options to prevent use of more expensive and out-of-home care
 - ◆ \$4 Million/year for Hennepin & Blue Earth
 - est. \$15 Million/year state-wide?

Suggested Priority Areas for Revenue Maximization:

- Establish new Targeted Case Management for all Vulnerable Adults
 - ◆ Expand beyond Mental Health case management
 - ◆ Include seniors, adult protective services, welfare applicants, CD adults, others
 - ◆ Full-cost rates (similar to recent Rule 79 proposal)
 - ◆ \$1.3 Million/year for Hennepin & Blue Earth
 - ◆ est. \$7 Million/year state-wide?

An Equal Opportunity Employer

leff Spartz, County Administrator

Dear Colleague,

February 6, 1998

We are pleased to provide you a copy of Hennepin and Blue Earth counties' study of opportunities for increasing federal reimbursements for our health and human services. This study was commissioned as part of our continuing efforts to seek all available funding to help meet the needs of our residents, and identify possible ways to reduce the increasing burden on local property taxes for funding essential services. We also commissioned this study to assist us in designing new and better ways to provide and administer programs and services for our clients.

This study war conducted by a national consulting firm, Copeland, Glenn and Associates, Inc. and included an examination of county and state programs and budgets, as well as discussions with a number of private service providers who do business with our counties, and advocacy organizations who work with us to help our residents gain access to needed assistance. All involved were outstanding in their assistance to us in the preparation of this study.

The study identifies a number of possible opportunities for seeking increased federal funding for both state and county programs to complement many of the program reforms we have been working on for the last several years. Some of these opportunities can be enacted in the near term under existing legislative authority, others will require substantial analysis and policy discussion. Our counties are fully committed to moving forward on the recommendations that can be pursued under current state and federal law, and engaging in thoughtful and deliberate exploration of the other suggested opportunities.

However, it is also extremely important to recognize that many of the findings in this report will not result in immediate financial windfalls for either counties or the state, as considerable administrative re-design may be required. In addition, many of the findings in this report may require a fundamental change in the way health and human services are funded in our state if they are to be enacted. These changes could require significant policy discussion before consensus on an implementation strategy can be achieved.

Attached is a brief summary of some of the key findings and suggestions and a copy of the full report. If you have questions about these materials, please direct your inquiries to:

■ Jeff Spartz, Hennepin County (612-348-4447)

■ Dennis McCoy, Blue Earth County (507-389-8373)

We hope you will join with us as we seek to make the best use of the findings in this report.

Sincerely,

Spartz, Hennepin County Administrator

Dave Twa, Blue Earth County Administrator

Enclosure :

Hennepin County Administration

SUMMARY AND OVERVIEW: HENNEPIN AND BLUE EARTH COUNTIES REVENUE MAXIMIZATION REPORT February 6, 1998

This report was commissioned by Hennepin and Blue Earth Counties to explore if there are opportunities to pursue additional federal reimbursements, by counties and the State of Minnesota, before counties accept a *capitation* (a pre-determined ceiling) of state and federal funds as part of one of several state-authorized program reforms now under discussion. In some of these efforts, a county might be asked to accept a capitation of state and federal Medicaid funding in exchange for greater flexibility in providing services to county residents, to help restructure services to deliver better client outcomes. A capitation arrangement could also expose counties to some financial risk for costs which exceed these state-determined ceilings, so the funding needs to be structured properly.

The report was produced by an independent, national consulting firm, Copeland, Glenn and Associates, Inc. Their findings do not represent an official position of either the state or counties as much further discussion and analysis is needed. The key questions asked of the consultants were:

- Are there opportunities to seek increases in federal revenues for counties before any capitation of state and federal funding, and assumption of financial risk, is agreed upon?
- If there are opportunities for additional federal reimbursements, what is needed to achieve these new funds? Are there alternatives to capitation that could be explored?
- If additional federal funding is available, how might this affect county decision-making concerning the county-based purchasing (CBP), the demonstration project for persons with disabilities (DPPD), and the children's mental health collaborative/capitation (CMHC) initiatives?

In summary, the consultants reached the following conclusions (page references are noted):

- There are substantial opportunities for generating additional reimbursements from the federal Medicaid and Child Welfare entitlement programs that should be explored before counties agree to accept a capitation of state and federal funds. (Executive Summary: Pages 4 - 8)
- 2. From one perspective, Minnesota's Medical Assistance (MA Minnesota's name for Medicaid) program works well. However, from another perspective, Hennepin County, Blue Earth, and most other Minnesota counties have been supplementing the state's MA program for years through the use of substantial county property tax revenues and state block grant dollars for health and social services, without receiving federal reimbursements for most of these local expenditures. Current state statute, developed a number of years ago in a state/county agreement, permits only state expenditures to qualify for federal Medicaid reimbursement, while federal policy is more permissive. (Pages 46, 47)

- 3. If Minnesota's MA program were restructured to include recognition of the local expenditures that counties are already making, it could potentially result in up to \$20 million annually in new federal reimbursements to Hennepin County to assist in desired program reforms and help reduce county property tax spending on the provision of health and social services. Up to \$600,000 annually, perhaps more, of new federal reimbursements could be available to Blue Earth county. Up to \$60 million annually, for all counties statewide, might possibly be generated. (Pages 15 21)
- 4. There are also substantial opportunities for the state to claim additional federal reimbursements, perhaps as much as \$30 to \$60 million annually, through the implementation of improved data systems, aggressive outreach efforts to help enroll high-cost clients in the appropriate federal-funded programs, and through appealing the denial of federal eligibility in specific cases. (Page 14)
- 5. Several key issues are identified as needing further examination and resolution by both counties and the state prior to the full implementation (and shifting of financial risk) for county-based purchasing of the MA program. Issues include: access to client and service data from the state, health insurers, and our own county systems; the need for improved county infrastructure and increased administrative capacity for data analysis and cross-departmental work; and the need to resolve the aforementioned revenue maximization issues to ensure that the financial base for CBP is adequately defined. A "get ready and get experienced" alternative approach is suggested. (Page 38)
- 6. The current lack of client and service data, coupled with the state's current definition of MA funding and proposed state caps on state and federal MA funding for the DPPD and CMHC projects, raised questions about the viability of Hennepin and Blue Earth counties' pursuit of these specific program reforms at this time (and for other Minnesota counties, as well). The consultants recommend that Hennepin and other counties consider delaying their participation in these state initiatives until new state financing and data arrangements can be achieved, and county administrative capacity is enhanced. (Pages 26, 33)

A county and state response to these recommendations is still under discussion. Should the options suggested in this report be pursued, they will not be achievable overnight. Many of the recommendations in the report will require the full cooperation of the state, through its Department of Human Services, as well as support from the Minnesota legislature and other counties, before these changes can be enacted. Implementation of some of these options may also fundamentally change state policy concerning how the state's Medical Assistance program is financed, shifting FROM a program that is funded primarily by state and federal funds, TO a program that uses state and county funds to generate matching federal reimbursements. This is a significant policy change that may require substantial discussion by all Minnesota counties. If done properly, these changes might permit the state to broaden its MA program without raising state or local taxes, and take advantage of some of the types of Medicaid expansion that have been implemented in other states to achieve desired program reforms.

Hennepin/Blue Earth Counties Revenue Maximization Report

Prepared by:

Copeland, Glenn & Associates, Inc.
William C. Copeland
Linda L. Glenn
January 30, 1998

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Foreword

Hennepin and Blue Earth Counties contracted with Copeland, Glenn & Associates, Inc., to examine a number of human services financing issues. Some of the issues examined are specific to these counties. Many issues, however, are present in most counties in the State. Also, many of them require policy and guideline change or clarification by the Minnesota Department of Human Services. Thus, although the two counties initiated and paid for this report, a number of the recommendations in the report will require action by the other counties, by the Minnesota Department of Human Services, and, in some instances, by other state departments.

A major theme of the report is to find ways that the State and the counties can begin to engage in the service reforms that have been discussed for some time in Minnesota, while simultaneously benefiting fiscally. We believe that we have found some ways to do this.

We have made short-term and long-term recommendations for the maximization of federal financial participation. If the short-term projects recommended are carried out by the State and counties, the State budget will benefit by more than \$30 million in the first year; Hennepin County's budget by more than \$20 million in the first year; and the rest of the State's counties by about \$40 million in the first year.

The fiscal impact of these changes on the State and county budgets would be large. This is not because the State and its counties have ignored questions of maximization in the past. On the contrary, in many areas of great fiscal and program import, such as family and child health insurance, the frail aged, and the developmentally disabled, the State of Minnesota has been far ahead of most states – both in maximization issues and in program design. However, the area of human services is so large, complex, and fragmented -- especially in the area of disability policy and financing -- that there remains much that can be done if the State and the counties focus on those problems.

The analyses of the consultants were based on our best understanding of current legislation and policy in the State. There will be current thinking about plans for the future, especially at the state level, that may not agree with the program and financial policies we assumed to exist. As a result, the recommendations and analyses in the report should be looked at in the light of any such plans.

We have assumed that much of currently unmatched county and state money is usable as nonfederal match, some for savings and some for increased services, as increased federal money flows in. We have assumed that there will be no need for increases in local or state funds for match or increased services. This has been the case in all our projects over the years, including a large Minnesota project in the early '70s that resulted in the annual Title XX Federal allotment, and a \$29 million "windfall" check to the State from the Federal government.

It is possible that not every county will be a winner under the changes proposed here. However, any county with substantial county and state social services spending for child welfare, child and adult mental health, and for persons in non-medical community housing supported by the county and not now covered by a waiver, will benefit substantially from the changes proposed.

Because the problems are complex, the implementation of these reforms will be complex, as well as administratively expensive at first. However, most of the reforms we have recommended have very large paybacks, often in the first year of the reforms. Most of the social service maximization projects involving Medicaid are of this type. Advocacy and outreach projects do not get to a net payback until the second year, and tend thereafter to accelerate to the highest payback of all in the second and succeeding years.

Two major side benefits exist from instituting the reforms recommended here. The cost and program information developed by Minnesota and its counties in implementing a number of these recommendations would provide the database needed for analysis and option development for program improvement, especially in areas dealing with the disabled. Second, the experience of designing and carrying out these reforms will result in a significant increase in administrative and policy analysis capability at both levels of government.

If the recommendations are carried out, county and provider infrastructure will be affected. There will need to be changes, at a minimum, in billing systems, information systems, and claiming systems. For larger counties or groups of counties, systematic analysis of longitudinal costs within individual programs, and across programs, for the same individual or family will become possible. This will have an effect on the kinds of program analysis used; for example, providing new aids to budgeting and a strong knowledge basis for case management.

Also, there are *current* billing opportunities encouraged by the State that some counties have not fully accessed. For example, there are excellent possibilities for the expansion of administrative cost agreements, for which the State has supplied guidelines; further, there are a large number of opportunities to bill for medical services in school districts that only a few counties have so far used.

One of the most difficult, but ultimately happy, results of maximization is the division of the new funds between and within State and county departments. In general, some should be used for indicated service expansions; some can be used for budget savings. This is a matter that gets sorted out within the usual budget process of each level of government and the process can be a more rational one simply because there will be far more information available.

How the returns are used between levels of government is more difficult, partly because there are so many possible options. The options are made up of some of the following issues:

- Will the counties have a continuing responsibility to put a certain amount of county money into their human service budgets (i.e., maintenance of effort provision)?
- Will the State adjust its grants to the counties as part of the process?
- Who does the bookkeeping on the "new money"? What are the bookkeeping rules?
- How are the fiscal benchmarks defined for the new money?
- Which reforms will be instituted statewide and which will be "county option"?
- Will there be any linkage to the State's legislation governing local property tax?

Our own preference, which has been followed in working with other jurisdictions, is to define a package that increases county incentives to improve present programs, develop new programs where needed, and to increase administrative capacity (not necessarily administrative employees). The State, as the chief regulator, should design programs that meet these criteria in close consultation with the counties. As a sweetener for working to meet these criteria, each jurisdiction involved gets to keep some funds as budget savings.

We have covered a lot of ground in a short report. Further analysis will be needed in a number of areas. For example, the proposed Disability Pilots require far more analysis than is yet available, if the federal, State of Minnesota, and county governments are to avoid large, unpleasant surprises.

Executive Summary

Over the years, Minnesota has had an excellent reputation in dealing with human services, both in financing and program delivery. Some additional refinancing is possible, however, and now has precedents in other states. Our investigation of Federal maximization, as defined by Hennepin and Blue Earth Counties, led to a number of conclusions about these issues:

- There is a need for clearer policy and guidelines in existing financing, billing and programming for persons served in the disability programs.
- · Some confusion exists from:
 - ⇒ lack of clarity about who is "disabled", especially in the MH, CD and Children's areas;
 - ⇒ lack of clarity about what services are covered under MA for these persons, and what services should be covered;
 - ⇒ great lack of clarity about whose duty and in whose interest it is to assure that these persons are eligible for SSI, SSDI, Medicaid, and Medicare, instead of county and state-paid social services, GA, and GAMC; and,
 - ⇒ lack of clarity over which (state or county) is paying for what services at the same time, with the result that both levels of government tend to blame the other for fiscal and program rigidity and/or fiscal and program laxness.
- Opportunity exists in the State and county budgets of Minnesota, in the short to medium term, to gain \$100 million to \$200 million a year in new federal financial participation (i.e., the same term that Hennepin County uses for its rolling five-year finance projections).

Specifically, in the Copeland, Glenn agreement with the two counties, we agreed to examine three areas:

- ♦ Federal funds maximization;
- Maximization aspects of the Disability Pilots (and the related matter of Children's Collaboratives); and,
- The question of county-based purchasing.

In carrying out that agreement, we found the following with respect to maximization:

 There is a fiscally fruitful strategy available for both the State and counties to benefit, simultaneously, from short-term (one to two years) cleanup of eligibility, MA coverage, and improved billing and claiming. If all actions are implemented, the State could benefit by more than \$30 million per year in the short-term and by more than \$60 million per year in the medium term. Hennepin County would benefit by about \$20 million per year and Blue Earth County by about \$600,000 per year, in the short-term. Statewide, the counties would benefit by approximately \$60 million. As a rule of thumb, if the State and the counties take all actions, each county could benefit up to \$600,000 to \$1 million annually for each percent of the state's population.

- 2. The actions to be taken at each level are different. The State should develop a number of projects, in-house or on contract, for
 - One of the most immediate, fiscally advantageous and programmatically needed actions of the State is to add a flexible Rehabilitation Services option to the State Medicaid Plan to cover community-based and preventive services for the Adult Mental Health and Developmental Disabilities population. Such an addition could assist in filling in the gaps in service and to prevent the need for out-of-home and inpatient care. Changes should include expanded coverage under MA to pick up the social rehabilitation option, as it is used in a number of other states, and to apply it to many currently unreimbursed community-based services and treatment activities as well as to children's' and adults' residential care. Procedure codes should be simplified, allowing for more efficient billing; rates should be amended where current rate-setting has left them too low or too encumbered with unneeded requirements; and the use of TCM should be expanded on a standard basis while ending some specialized case management.
 - Advocacy for SSI and SSDI, for persons now receiving GA and/or GAMC. At least three teams, statewide, should be used, one of which would be headquartered at, and most active in working cases at, Hennepin County Medical Center, with the costs paid for by the State and the benefit reaped by it. The State's data warehouse would provide screening for referral of high-probability of conversion clients. Notwithstanding the recent tightening of SSA on the eligibility for substance abuse clients, SSI eligibility for CD county clients with organic sequelae could be substantiated.
 - Advocacy for new SSI applications and terminated clients among children, statewide, using a department teams.
 - Making an agreement with DES/DDS to pay for (or to expand the current DHS team for) enhanced date-of-onset identification of services as a way to increase 90-day prior payments under MA and SSDI and Medicare payments under Social Security for persons formerly on GA or GAMC.
 - Statewide assistance in backclaiming for missed billings and long-term late billings for persons moving from GA/GAMC onto SSI and for other missed billings that usually now are booked to charity care by hospitals. This can be done very efficiently as a state level project.
 - ♦ Expanded use of IV-E to claim for preventive activities for children and their families (and to replace lost IV-A EA funds).

We discuss these projects in detail, together with estimates of returns for each.

- The State should undertake other actions relating to maximization at a single stroke and to the creative use of information that would greatly enhance future opportunities to build the systems of care desired.
 - ♦ The State should define "actuarially sound" rates for the Disability Pilots in Blue Earth and Olmsted, and later in Hennepin County, as those that include all relevant costs that could be reimbursed, including those that the State has not been spending in the past because of cost shifting practices regarding disabled persons under PMAP, inadequate eligibility determination practice and policy for the disabled, inadequate claiming and billing for those receiving hospital and other medical services who were eligible at the time for MA, and spending for social services that should have been covered, and now will be, under MA. The long-term implications of not insuring that all coverable services are part of the calculation of rates for these important programmatic efforts of the State are profound. Without full coverage, the State and the counties are forever locked into spending state and local tax dollars for needed services that could generate federal financial participation.
 - Planning for children's collaboratives, disability pilots, and potential county-based purchasing for managed care is undercut because of the lack of access to, and ability to analyze, the combination of state-held and county-held information that would provide far better, faster, and more concrete planning for these immense program changes. In the case of county-based purchasing versus continued State administration for PMAP, we believe that cooperative state-county work on the information would ease the pressures for county-based purchasing. We propose some approaches that will allow easier access to state information by the counties. For example, instead of relying upon mainframe-oriented file extraction programs for analysis of data, the State should rely on weekly or monthly data dumps into an integrated data warehouse that includes the union of an individual's identifiers within every program system and between any combination of systems used. This data warehouse would be an extension and complement of the current State data warehouse in DHS, and make it easy for every county to match state data with its local social services, public health and hospital data on a PC-based system. Much of these data at the state level could be produced as a byproduct of a backclaiming and advocacy-screening project.
- 4. The State and the counties should clearly examine further certain issues before actual implementation (and shifting risk) of county-based purchasing, disability pilots, and the full children's collaborative managed care for two years or until they have met their goals for analytic results (e.g., intensively tested simulations of risk adjustment for the disabled pilots) and for maximization of Federal funding in the pricing bases. It should be noted that PMAP itself suffers -- in spite of years of experience -- from an overage of GAMC-type payments that should be Medicaid instead. As another example, there is some concern that not all of the low income physically disabled are accounted for in the current cost data available to the counties.

5. Counties need to -

- Restructure and make far more efficient their billing practices for IV-E and MA where this is now allowed for reimbursement and in some expansions of MA that may soon come about. Many areas of current claiming are claimed only fragmentarily. Current incentive/disincentive systems need to be redesigned. Centralizing this function and taking county responsibility for it would generate substantially more federal funds.
- Develop county in-house or contracted capacity for information programs, analysis, and product development/actuarial analysis/contract writing capacities. This is necessary to resolve existing inadequacies in planning or implementation of the many proposed and current programs. Specific proposals, accurate data, and clear operating options must be available if the planning between the State and the counties is expected to produce desired changes.
- Develop increased administrative and programmatic oversight capacity if the counties are to administer complex health care programs. Hennepin County's Health Policy Center is a good start, but much more is needed. The kind of capacity recommended in the previous paragraph is only successful if the administrators know how to use it.
- ◆ Develop an agreement with the State on how eligibility teams will work in the county. This is a necessity since, while the State pays for and mostly benefits from such teams because it has the overwhelming majority of the money to win or lose from their use, the county is the actor used to doing things on the ground. Much teamwork is most important at HCMC, but is also important for adult and children's social services departments. For greater Minnesota, this may be a different problem because of population spread and concentration of GA/GAMC in the larger urban settings. Nevertheless, there will be a considerable amount of eligibility work to do in the children and adults' social services area.
- 6. The State and counties need to find a way, together, to use the annual \$28 million in new child health funds. This is a matter of federal funds maximization that can be solved either by a federal waiver (difficult, but probably not impossible, given Minnesota's position that it should not be penalized for having one of the lowest proportions of uninsured children in the country and one of the lowest proportions of federal funds paid out to a state) or by defining those potentially, but not actually, eligible for MNCare because their families cannot afford it as a separately treatable class, then using the child health money as a subsidy. Since HCFA has indicated some flexibility (although not in the area of expanding services for already eligible), there still might be some way to access this funding.

If the State and counties can agree to do a number of these things, with both kinds of budgets benefiting monetarily, a large number of tension-causing administrative and programmatic loose ends could be dealt with at once, leaving the State and counties free to concentrate on some of the deeper problems of poverty, disability, and illness that must be solved, if Minnesota is to live up to its national reputation.

In the long-term, the losses to the State and the counties for not solving these problems are about eight percent in annual total human services spending in the State. While the longer term – ten to 15 years – may seem irrelevant to some, the State's experience with the 15-year long effort to control costs and improve programs for the MR-DD population of the State is instructive. If the State and counties had continued the policies of 1982 and prior years until today – instead of moving to institutional downsizing in concert with AFSCME, providers and advocates – reducing ICF-MR private slots and moving into waiver services – there would have been an increase in MA spending alone of more than \$100 million per year over present levels for MR-DD services. The same kind of result was achieved for a long time by the DHS waivers for aging services. These long-term savings – with no decline in quality – are necessary if Minnesota is to keep its human services area working cost effectively. This report provides certain long-term projections that both the State and counties should consider related to current actions or lack of action in the human service system that will limit federal assistance in the long-term.

Hennepin/Blue Earth/State of Minnesota Revenue Maximization Report

A. General Observations

Consultants found the following to be true:

- There has been an under-utilization of certain eligible Medicaid (MA) services that are covered in other states for reimbursement of MA services for MA clients.
- 2. As counties are attempting to utilize a broader base of private community service providers, less control has resulted in insuring maximization of Medicaid (and other third party) billing and eligibility. Providers were found to bill the "easiest" revenue source (sometimes county) even when federal (or HMO) reimbursement would be lost. These inappropriate incentive/disincentive systems need to be changed.
- Current proposals on Rate Setting for the Collaborative and Disability Pilots are too limiting and ultimately extremely costly to Minnesota. (e.g., actuarial-base considered to be historic MA billing only, under limited MA plan, rather than "actuarially equivalent groups" and services.)
- 4. No overall current limit (maximum cap) exists for the Minnesota Medicaid program (exception Minnesota Care). No "cost-neutrality" has been agreed to in the State 1115 waiver. Policy makers should strive to maximize spending before any such cap is determined and agreed to. Expansion of the current use of Medicaid in the Disability Pilots and fee-for-service system will assist in this.
- Legislative language in the Children's Collaborative and the Disability Pilot project allows and requires maximization of federal contributions. Counties should not accept less. (Article 8, CCRSF1908, section 1, page 355 [1-4] and 247.487 subd 6, page 4)
- 6. Rehabilitation as an authorized Medicaid-optional programs for children in Minnesota, 256B-0625 (subd 37, subd 23), allows services and reimbursement in residential settings, but is only used for Treatment Foster Care. The current MA program needs to be maximized by allowing a per diem for residential treatment for children and in-home residential supports for adults.
- 7. Further review and maximization of the state/county IV-E claim is required. It is clear that certain child welfare services, which are prevention-oriented, are IV-E administrative claim eligible but are not brought into the IV-E claims.
- 8. Administration of state funding for disability-related income maintenance and health programs is fragmented in policy, administration, eligibility, implementation and multiagency coordination. This fragmentation is costing the State budget at least \$60 million per year.

B. Actions Needed by State:

It is the recommendation of the consultants that the Minnesota Department of Human Services (DHS) accomplish the following -- in order of priority¹:

- 1. Establishment of MA capitated payment for billing treatment services provided in out-of-home children's group care. Many allowable MA services are provided by professional and direct care staff that can be bundled into a treatment rate. Past analyses of the State have ruled out this possibility based on IMD or cost concerns related to JCAHO requirements. Since these state reviews, however, other states have found legal mechanisms to provide reimbursement for the Medicaid eligible treatment services that bypass these problems. Legitimate concerns exist in regard to potential overuse of group care with new financing mechanisms, but reasonable controls can be designed to deal with such concerns. Other recommendations of this report address these issues by setting up mechanisms by the county for billing that the revenue source for a service "blind" to the provider.
- Establish an IV-E Administrative claiming process for all children's services designed to
 prevent children from needing out-of-home care (both for county-provided services and
 contracts). All departments should be reviewed for services that are eligible.
- 3. Establish a new Targeted Case Management category for Vulnerable Adults. This category should allow for billing of targeted case management for any adult in need of service coordination in any department of the County Human Service Operation (e.g., the current Rule 79 service, other adults served by the Adult Services Division including seniors, APS clients, and persons applying for welfare). Adequate, full cost rates (as is being worked on in Adult Mental Health) should be allowed.
- 4. The Medicaid Rehabilitation Option for adults with DD, MH or other severe handicapping conditions should be established as an optional State Plan provision. These should include day treatment, in-home and residential support services for DD adults and all treatment (MA-allowable costs) services designated by the person's treatment plan for MH adults. It was clear in this review that program managers in the county programs need substantially more flexible program options in the community to provide the range of services needed to prevent persons from using more expensive and out-of-home care.
- 5. The definitions of services and persons qualified to provide the services should be broadened in the State's Personal Care Medicaid program. Services provided to clients and families, both in their own homes and provided by direct care staff in residential services, should be allowed.
- 6. Counties now provide an increasing amount of direct services through state staff allocated for their use. The state should insure that counties are using the mechanism provided for counties to bill State staff providing services to County clients for eligible services and for the revenue to be provided as a pass through of the FFP.

¹ Consultants' priorities were based on how rapidly the effort could be undertaken (e.g., whether the data and statutes currently exist) and the value of the effort to the county.

- 7. Establish the methodology and procedures for counties to claim for contract services in both the MA and IV-E administrative claiming process.
- 8. Work with counties to insure maximum administrative cost claiming that allows for recoupment of all administrative costs of the county in overseeing Medicaid services, utilizing county funds as match.
- 9. For the Disability Pilots, full costing of all MA-eligible services (assuming maximization) should be allowed. In addition, all costs of all services should be brought into the projects (e.g., HCB waiver, all TCM, ICF/MR, child and adult inpatient and RTC's, Group Home supplement costs, personal care, TEFRA/CHCO and nursing facility costs for the disability population). See also section on Disability Pilot maximization for further recommendations.
- 10. Set up a State advocacy group for children's SSI. Work with the Department of Health and DDS to work out high-probability appeals, whether clinical, income/assets, or procedural appeals. Take all selected appeals through to the ALJ level. The group should be large enough to give detailed representation for 1,000 to 2,000 current cases and 500 to 800 new cases each year.
- 11. The State should authorize (and seek legislation where necessary) the counties to utilize local and state block grant funds to match the recommended federal programs in this report.
- 12. Set up SSI/SSDI/Medicaid/Medicare eligibility teams in Hennepin County, most reasonably at HCMC, rest of Metro and one or two for outstate cases. The teams should be able to handle around 1,200 to 1,500 cases per year per team. They should handle all high-cost medical cases, from initial through ALJ level; and should decide on cases to take further out of the denials of initial application. Aside from general SSI/SSDI advocacy, they should include among their duties:
 - establishment of earliest date of onset that is reasonable and defensible for SSDI and Medicare, appropriately utilizing the provisions that allow elimination of up to 17 months of the waiting time based on onset date;
 - b. where necessary, protection of 90-day-prior rights;
 - where necessary and desirable putting SSI applicants on MA after 90 days of nondecision by SSA; and,
 - d. where necessary, making appeals for MA for SSI applicants with final negative determinations.
- 13. Because of the complexity of claiming issue, the state should take the leadership with the counties to set up a centralized claiming entity for (a) back-claiming error-rectification claiming; (b) provision of high-cost cases to the children's SSI teams and the SSI/SSDI/Medicaid/Medicare teams; (c) provision of integrated client data, with single client identifier, from MMIS, SDX, Bendex and MAXIS; and, (d) provision of cleaned data to each of the Department's systems as a QC mechanism for DHS. The PC-oriented claiming entity should be outside the Department's systems, but use monthly copies of

- Department data, which it will sort down, edit, merge, and produce a single identifier for each client. It will distribute data to each county, as needed, in cooperation with the Department's Data Warehouse.
- 14. Possible contractual actions. There are several contractors who have already carried out most of the actions recommended above in other states. As a disclaimer, we should note: of the four, we have no business relationship with three, but satisfactory co-working experience ranging from five to 30 years. With the fourth, Nemadji Research Corporation, we do have a business relationship in other states.

We recommend research:

- a. For the development of a bundled rate on the Delaware Model, for the Children's Collaborative and Disability Pilot contract with Marie Nonnenmacher, Director of Cost Recovery for the Department of Services to Children, Youth and Families, State of Delaware.
- b. For development of the per diem rate for out-of-home residential treatment, TCM for vulnerable adults, expansion of the rehabilitation option, and expansion or rewrite of procedure codes for currently-used MA community payments, extend the current Department contract with the Institute for Human Services Management.
- c. For expansion of IV-E administrative claiming in the DHS area, redo of the current Departmental MA in the schools and expansion of IV-E into other areas (courts, CW preventions, early intervention, family support), use either IHSM or Zimlich Associates, Seattle, Washington.
- d. A more indepth analysis of opportunities in refinancing/maximization of public health programs is needed than this contract was able to undertake. Carl Valentine with IHSM has worked with other states in similar efforts. We would recommend a special state/county project specific to this area.
- e. For developing and running a centralized claiming and integrated information entity for backclaiming, error-rectification claiming, and other functions, Nemadji Research Corporation, Kerrick, Minnesota, which has demonstrated the ability to provide large savings to its clients in a number of states, including Minnesota.
- f. For the state-funded and possibly state-operated eligibility functions, we are currently looking at several providers of this service around the country for our own projects in other states. When we have concluded our search, we will supply the information to the State.

C. Actions Needed by the Counties

- 1. Full claiming under existing child rehabilitation Medicaid services of In-Home, Family Support and Treatment Foster Care.
- 2. Establishment of county billing for services provided to county clients. The fact that disincentives now exist for provider programs to maximize federal reimbursement can be solved by eliminating provider billing. The county should be responsible for MA and IV-E claiming to change the incentive/disincentive structure. Since the county has the most incentive, provider programs should be blind to the reimbursement process and counties should insure the right mix of any reimbursement for any one service or client. Examples of this -- where only one public entity is the Medicaid designated provider for all billing includes the California counties under the Short-Doyle Program and the establishment of only the public state agency for children (DSCYF) in Delaware as the provider and biller for all contract services for Medicaid in that state.
- 3. Hennepin County should undertake an administrative capacity review to determine adequate staffing and systems needs to administer the Disability Pilot and to set up, in the next year, the systems necessary to implement the pilot by controlling all Medicaid claims and payments through the County. This review should include programmatic capacity as well as administrative/fiscal.
- 4. Counties should refuse to accept risk under the Collaborative or Disability Pilot for at least two full years after actual enrollment begins, and actuarially reasonable rates have been established, including:
 - a. Full reimbursement of all eligible services;
 - b. Inclusion of all state/local/federal costs for the groups in the rate; and,
 - A bundled rate is established that is fully loaded with all overhead and administrative costs.
- Counties should insure that federal block grant funds (Title XX and Mental Health) are moved into categories of services and clients that are ineligible for Medicaid or IV-E reimbursement.

D. Increased Revenue Potential for the State Budget²/₂

Area or Account	Budget	Increased FFP	Basis		
Backbilling of already eligible GAMC-SSI cases; rectification of error cases from other groups	\$153 Million GAMC	\$20 million/year	Detection and billing of regular error billings and missed SSI-MA backclaims		
2. Medicare onset data adjustment		90-day priors = \$4.0 million/year Medicare Waiting period reduction = 0 in year 1; \$.800 to \$1.6 million in year 2 and after	75 percent of current awardees get onset date equal to application month convert, on average, back six months		
3. Advocacy for of GA and GAMC cases to SI/SSDI/MA		\$-2.5 million, yr. 1 \$3.0 million, yr. 2 \$24.0 million, yr. 3 \$34.0 million, yr. 4	Annually, convert 5,200 high-cost GAMC and Soc. Svc. Cases to SSI/SSDI/Ma only, of which 2,600 would not have been converted without this average \$7,000/year/case savings (\$2,500 GA; \$4,500 MA FFP. Assume 15 percent shrinkage of prior year cases per year		
4. Represent Terminated Children (SSI/TEFRA) on current cases; represent 1,000 to 2,000 new applicants (1500 - 2500 in total)		\$1.5 million yr. 1 \$3.4 million yr. 2 \$5.1 million yr. 3	There is part overlap with above for the new cases; none with the terminated.		
5. Convert GRH funding to MA, in part		\$9.7 million per year			
Total		\$32.7 million per year in year 1; \$40.9 in year 2; and \$60.4 million in year 3			

² Increased FFP related to State Social Services not included here.

³ Estimates are based on work completed by other contractors working with HCMC

E. Increased Revenue Potential for Hennepin County⁴/⁵

Adult Mental Health	Budget	Increased FFP	Basis of Increases	С	S	L
Residential (Rule 36 facilities) (30% County 70% State)	\$9.6 Million	\$1 Million	 6.2 million in community residential support (removing 735,000 for Bristol) 5.46 x est. 0.60 costs and provider eligibility x 0.54 FMAP (0.36 x 0.54 x 5.46 million Need rehabilitation services or per diem method for non-medical institutions established in MA program. 		х	X
2. Case Management	\$5.7 Million	\$1.54 Million	 Convert Rule 79 to full-cost Targeted Case Management Est. 100% costs x .5 clients eligible 		X	Х
3. Non-Residential	\$13.05 Million	\$2.2 Million	 County to do all billing Rate adjustment for adequate rates Rehab codes for services not covered (2.2 current reimbursement) 	Х	Х	Х
4. Pre-Petition Screening	\$1 Million	Potentially \$324,000	 Check on technical issue of whether there is a conflict in including the costs in the hospital rate setting. 	Х		
5. State Staff	\$2 Million (estimate)	\$338,000	 Reimbursement to flow to counties. Approval to bill for county. Clinic and Rehab services. 		Х	
Behavior, Emergency Outreach and Foster Crisis Homes	\$500,000	\$108,000	 Rehab services established 0.8 service eligible x 0.5 clients x 0.54 federal 		Х	Х
 7. Adult Special Division Coordination/home APS Homemaker/chore Resource 	\$4.9 Million \$2.6 Million \$1.6 Million \$6.5 Million	\$396.9 \$162.0 \$129.6 \$526.5	Establish TCM for vulnerable adults Est. 0.30 activities x 0.5 eligibility x 0.54 FMAP		Х	х
Total Adult Mental Health	3	\$6.725 Million				

⁴ These calculations apply only to current expenditures in Adult Mental Health, but can be applied to greatly benefit other populations providing similar services (e.g., other vulnerable adults). 5 Lead players in reform: C = County; S = State; L = Legislature.

Child Welfare	Budget	Increased FFP	Basis of Increases	С	S	L
Out-of-home, group residential (excluding regular foster care)	\$31 million	\$6.78 Million	 Establishment of per diem methodology for MA billing 50% costs x 0.9 eligibility x 0.54 FMAP 10% offset IV-E claim. 		х	
Services to prevent children from needing out-of-home care Prevention Early intervention Crisis intervention Family intervention	\$33.8 Million (estimated funds without residential)	\$4.3 Million	 IV-E Administrative claims or MA direct billing Solve IV-E billing for contract services in Admin. claim For MA, bill existing child rehab and TCM Need flexible service definition and adequate rates. Assumes 40% pure in-home services x 0.6 eligible children x 0.54 FMAP 	х	x	
Total Child Welfare		\$10.08 Million	2 2 20			

Developmental Disabilities ⁶	Budget	Increased FFP	Basis	С	S	L
Day Treatment	7.6 Million	2.955 Million	 Need rehab fee-for-service billing for MA clients not in ICF/MR's or Waiver Estimate 0.8 service eligible x 0.90 clients MA eligible x 0.54 FMAP 		х	х
2. SIL's and Apt. Training (70% State)	1.963	593,600	 Need rehab for service to support persons in SIL's and in own homes Broader definition of personal care for activities for direct care staff, not training Est. 0.7 services x 0.80 eligible x 0.54 FMAP 		X	Х
Parent CM and in-home services - DD child and parent support	800,000	129,600	 Maximize billing for child and family support and in-home Add vulnerable adults and TCM Rehab in-home and support services Broader definition of personal care (0.6 x 0.5 x 0.54) 	х	х	X
Total - DD		3,678,200				T

^{6 1998} requested budget utilized from the Social Services Budget Proposal (July 25, 1997). Estimates of type, amount of services and eligibility from HC staff.

F. Revenue Sources: Current Hennepin vs. Proposed

	State	County	Federal	Other	Total
1. Adult Mental Health			(3.)		
Existing	11.2	12.2	3.0	1.9	28.3
Proposed	8	8.675	9.725	1.9	28.3
Savings	3.2 Million	3.525 Million			
2. Developmental Disabilities				7 1 3 F 1	-
Existing	4.95	8.27	5.4	.004	18.64
Proposed	4.44	5.10	9.18	.004	18.64
Savings	0.50 Million	3.17 Million			
3. Children's Services	10,000		Tree F		
Existing	32.321	88.105	34.0747	1.5	156
Proposed	32.321	78.185	44.154	1.5	156
Savings		10.08			W.
Total Savings to Reinvest in					
Services			1000		141
State	3.7 Million		1111		
County		16.67 Million			

⁷ Not counting IV-A EA that ended in 1997.

G. Revenue for Blue Earth County: Current Expenditure and Revenue Analysis

The attached chart represents an additional \$602,000 federal financial participation, which could be derived from existing county/state expenditures for services. These increases are dependent upon:

County Actions:

- Full billing of available child in-home, family support and treatment foster care Medicaid services.
- Cost report and time study information available for out-of-home residential providers.
- Accurate accounting and full costing of adult case management services in each area where provided.
- 4. The development of county capacity to handle all billing for services.

State Actions:

- 1. Broaden the definition of personal care to provide for direct care and services for people in residential services.
- Rehabilitation Services should be added to the Medicaid State plan to include adult mental health and MR/DD services in-home, day and residential support.
- Agreement and mechanism to per diem bill Medicaid for allowable treatment services provided in children's group care programs.
- 4. Agreement to full administrative cost reimbursement under Medicaid, utilizing county match.
- Expansion of TCM to all vulnerable adults and taking over Rule 79 C.M. and providing for billing for adults served in all human services divisions.
- 6. Full and adequate rate-setting to cover costs.

The attached chart gives those accounts within the Blue Earth budget, which have services that should be able to receive increased reimbursement from Medicaid, some of which receive none currently. Estimates of the type activity and services were provided by Blue Earth staff as well as the estimates of the proportion of MA eligible served. The "Basis of Estimate" column, gives the proportion of eligible service and the eligible proportion of clients times the Minnesota Federal Match percentage of .54 to arrive at an estimate of increased federal participation. The service and eligibility percentages calculated are deliberately conservative, from the information derived at the county level. Any changes or additions proposed to the existing Medical Assistance allowable program categories are given in short form with further detail and elaboration provided in the body of this report.

Blue Earth County

Increased MA Revenue Opportunities

Budget Category	Current Budget - or- YTD if higher	Estimate of Increased Revenue (FFP)	Basis of Estimate and Change Needed in MA Program
43 Social Services 710 Children's Program	1.47 mill.		20% Family-based services. 30% shelter and respite, use PCA and new codes for child in-home service.
600Y Pay to Recipient	105.000	10,206	Estimate 30% (MH) x 60% eligible x .8 x 54% FMAP
6050 Rule 1 OHP (FC)	545,000	47,088	20% Treatment eligible services - (per diem method needed in state MA program) x .8 x .54
6051 Rule 8 OHP	245,000	21,168	20% Treatment and non-locked
6100 Salaries	320,458	24,300	1.5 FTE Family-based Treatment
730 Chemical Dependency 6070 CCDTF	107,950	10,201	State passes through MA reimbursement .25 eligible of .70 costs.
740 MH kids 6052 - Rule 5 - placement 6100 Salaries (TCM and Treatment)	489,259 106,177	118.890 6,880	.50 of costs x .90 children x .54 FMAP (remove 103,733 school and reimbursement of 40,000 state/federal) reimbursement rates too low, rule 79 (13,000) reimbursement child welfare TCM (45,000) - 20% more reimbursable.
750 Developmentally Disabled 6004 Payment for recipient	160,519	36,720	need broader definition PC need rehabilitation for DT&H administrative cost agreement 85,000 DT&H and PC administrative reimbursement x .8 x .54
6091 SILS	100,650	26,088	Rehab PC .60 costs x .8 elig. x .54
6100 Salaries	141,756	32,400	75,000 CM x .8 x .54
6381 Program Admin.} 6395 Services - Admin.}	123,000	24,600	Admin. Agreement .5 x .8 x .5

rule 79 CM to TCM In-home and Residential t Treatment m group rates come/Services allowed rehab. Illing/modification of cations of staff under rehab. is needed x .54 7 x .6 x .54 - residential et 106 new)
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ling - Family Services PC and Rehab. eligible services x .6 x .54

H. Program Funding Design

1. Targeted Case Management for Vulnerable Adults (Section 1915g (1) and (2)

While Minnesota has maximized federal participation for case management in several ways (TCM for children; children's administrative Medicaid claiming and some adult claiming through Rule 79 reimbursement under Medicaid) additional clients in various county departments and other costs can be brought into Medicaid reimbursability. Some of these groups are MH, Adult DD, CA, APS clients; parents trying to maintain children at home, physical involved persons and persons applying for welfare. The State is already addressing the inadequacies of Rule 79, where claiming is too limited by population and rate setting. Counties document costs that are two to three times the rate allowed. In addition, substantial case management services are provided to individuals through the Adult Service APS activities, coordination of housing, shelter and homemaker/chore, and the coordination of services to the elderly and homeless. In addition, the Children's Department also provides services to adults who need assistance, such as DD persons or parents who need assistance to keep families intact.

The model proposed here would mirror that of the State of Washington, which has adopted a broad definition of TCM for all vulnerable adults, persons with AIDS, pregnant and parenting teens as well as other valuable groups or family/caretakers who need assistance in obtaining services.

2. Title IV-E Administrative Claims

The IV-E Administrative funding is claimable for preventive services to children at risk of abuse, neglect or separation from parents if needed services are not provided. This is true for both direct service provision by the County and for contracts for services. The definition of "at risk" children is currently broad enough to cover the vast majority of the children served by Children and Family Services. Services that were claimed by the counties through Title IV-A Emergency Assistance prior to Congressional Welfare Reform should now be reviewed for inclusion into the IV-E Administrative claims. Services in the categories of Prevention, Early Intervention, Crisis Intervention and Family Intervention can be claimed. Services for all at risk cases would be IV-E reimbursable. The State's IV-E eligibility rate (assumed to be 50 percent) would be applied, together with the 50 percent matching rate, for an established federal matching level of about 25 percent.

To achieve this return would require:

- a. A new interagency agreement for Title IV-E Administrative with the counties;
- b. A quarterly time study of contract providers; and,
- c. A change in the quality IV-E claims.

3. Rehabilitation Services for Adults with Mental Disability (DD, MH, or CD) (42CFR 440.130(d)

Minnesota has recently expanded its Medicaid program under the Rehabilitation option for children. Three categories exist that cover certain services -- in-home, family support, and treatment services for persons in foster care. While these allowable services have not yet been extensively used by counties or providers, Medicaid reimbursement is available and Minnesota statutes allow for even more rehabilitation (e.g., residential) to be added to the State Plan.

For adults, however, only traditional clinic services (Rule 29) and limited case management (Rule 79) services are reimbursable.

Substantial Adult Services are now paid totally through state and county funding that could be reimbursed through Medicaid. In Developmental Disabilities, Day Treatment services for individuals outside the Waiver or ICF/MR are not covered (while mandated by the State) nor are in-home treatment services covered for persons living in their own homes, SILs or services such as those needed to maintain persons in their own home. While crisis services are reimbursed to two providers as a pilot, these are limited in their flexibility and have not been expanded statewide.

In Adult Mental Health and Chemical Dependency, substantial monies are expended on services that should be covered under a Rehabilitation Option (i.e., in-home services, residential support and treatment, crisis services and non-site-based treatment).

Rehabilitation Services, an optional Medicaid program, is defined as "any medical or remedial services recommended by a physician or other licensed practitioner of the healing arts, within the scope of his/her practice under state law, for maximum reduction of physical or mental disability and restoration of a recipient to his best possible functioning level."

Rehabilitation Services would include diagnostic and assessment, treatment planning, in-home and office-based therapy, counseling, behavior modification, day treatment services as well as other services designed to assist persons to gain or maintain their independence.

The service can be established for persons who are physically or mentally disabled; i.e., have a DSM-IIIR diagnosis or are at risk of such a diagnosis, that is entered in the clinical record. Mental disability includes substance abuse as well as mental illness and developmentally disabled diagnoses. If this option is included in the State Medicaid Plan, it must be offered to all eligible residents in the state.

Many states have realized that the broad federal definition associated with Rehabilitation Services permits application in support of community-based services for mentally disabled clients. Oregon, Rhode Island and Florida are among the states that have made use of the Rehabilitation Services option, because it gave them considerable flexibility in program design and implementation.

Rehabilitation Services need not be tied to a strict medical model or particular service delivery model. This Rehabilitation Services option has been selected by a

number of states as a means of providing treatment services off site; i.e., providing treatment and therapy in the client's home. Being able to deliver treatment services off site, as well as at a clinic, gives maximum flexibility to service providers to help clients remain at home, work, or school and function at their highest possible level.

Although Minnesota has provided some services under the Medicaid Clinic Services option, the Rehabilitation Services option affords more flexibility since the Clinic Services option is limited to licensed clinic sites. A second advantage of the Rehabilitation Services option is that the program does not need to be under the direction of a physician. Outside of Health and Mental Health, it is rare to find human service programs directed by physicians. Thus, use of the Rehabilitation Services option provides a state greater flexibility in its design and delivery of treatment services.

4. Personal Care (42 CFR 440.170(f)

In Minnesota, Medicaid provides for reimbursement for personal care under its "Home Care Services" program. This service, however, has been increasingly limited in regard to who may provide it (home health agencies and registered nurses). County and Mental Health/Mental Retardation providers can seek reimbursement for Personal Care attendants only in certain instances and at rates that do not cover costs. Personal Care in other states is a much broader program. It is clear, after the analysis of county services, that the program itself and the authorizations given to use existing county expenditures as the match provided both need broadening.

Personal Care services the counties do not provide and should receive federal support for include those non-training activities in small residential programs, foster homes and within the client's own home. In addition, Personal Care services, necessitated by a recipient's physical or mental impairments, enable persons to meet their needs and maintain their outpatient status. Personal Care services include those activities related to personal hygiene, dressing, feeding, nutrition, environmental support and health-related activities. All activities provided eligible clients that are of an assistance, guidance and/or supervisory nature, rather than treatment/training, can be funded under this option.

Personal Care services must be prescribed by a physician in accordance with a Plan of Care; they must be supervised by a registered nurse and, they must be rendered by an individual who is not a member of the recipient's immediate family and who is qualified to provide such services. Personal Care, like Rehabilitation Services, must be provided statewide so that all clients deemed to be medically in need of the service have an opportunity to receive the service.

The following examples illustrate how Personal Care can be used:

To fund in-home services provided to reduce the risk of institutionalization:
 This can apply to a special need or adults where the family or person requires support to remain at home. Services could include in-home supervision as well as out-of-home respite care. Activities provided in a person's home

- could include grooming, dressing, food shopping, and other support necessary for the person to remain in the home.
- To finance services provided by foster families where in addition to room and board, the family is expected to provide supervision and care. When the client has special needs that fall within the scope of personal care, the foster parent becomes the service provider.
- To fund group care serving less than 15 clients: Personal Care can be provided where the client care staff are certified to be Personal Care providers.

Nationally, states have applied Personal Care to their family foster care and group home programs. Michigan, New York, New Jersey and West Virginia have established such programs in their mental health and mental retardation agencies.

5. Medicaid Per Diem Option - For Residential Services

A Medicaid Per Diem option allows states to bill Medicaid for the costs of child care institutions and services that are not reimbursable by Title IV-E. Health and mental health services provided by a child caring institution can be supported under this option without the institution having to meet federal medical institutional standards.

Wisconsin, New York, Maine, and Tennessee place treatment costs of group and institutional child care programs in a Medicaid per diem payment plan. The per diem is based upon the actual costs of providing the medical and treatment services to children placed in the facility. Nearly all children in such facilities are, or should be, eligible for Medicaid. The service is provided by facility staff authorized to bill Medicaid or through contractual arrangements with Medicaid providers. The per diem does not cover inpatient hospital services.

This option allows the facility to receive Medicaid reimbursement based on cost rather than having to secure medical services based on the Medicaid rate structure available for private providers. This system can be used to assure good medical and mental health care for children in residential care, especially if adequate care is threatened by low reimbursement of private providers. The per diem generally amounts to 50 percent or more of the facility budget, depending on the investment in medical and treatment resources. Use of the per diem program allows facilities to increase the quality of their treatment program without incurring the federal oversight associated with medical facilities.

There are many examples from other states for approaching reimbursement for Medicaid services in community residential settings. The approach that would maximize revenue and be easiest to administer in Minnesota would be the per diem methodology, established through the rate-setting process, which would combine services under three optional programs of Medicaid: Rehabilitation, Personal Care, and Targeted Case Management (Rhode Island model). This assures maximum reimbursement since all costs and activities (minus educational costs) would be captured in one of these three categories. Also, departmental, agency, and provider services in community residential programs will vary. While certain client group settings (e.g.,

Alcohol and Drug) and certain other settings (e.g., semi-supervised apartment) will provide more personal care than treatment, others will be more treatment (rehabilitation) oriented. Massachusetts has experience in providing a residential per diem in Mental Health, through rehabilitation only. Other states -- Maine and Rhode Island -- have succeeded in gaining approval for consolidated per diems across Medicaid optional services. Maine, in fact, has seven categories, combining personal care and rehabilitation going across mental retardation, mental health, alcohol and substance abuse, child care, and rest-home (board and care) operations. Rhode Island combines targeted case management with personal care and rehabilitation to more accurately reflect the activities that go on in the home and is now moving into DSS and DYS type settings after experience in Mental Health.

The use of Medicaid in non-medical child care facilities also allows the State to be more prescriptive about the treatment services it is purchasing in residential care since IV-E excludes treatment activities from reimbursement. The current strategy in Minnesota minimizes the amount of treatment cost provided in such facilities. The desire to maximize IV-E often makes it difficult for the state to be prescriptive about the treatment services it expects to find in such programs.

In addition to group residential programs, several states have also established a Medicaid payment above a base rate for therapeutic foster care. Such additional services include the provision of personal care or treatment (rehabilitation) services. The complicating factor in foster care conversion to Medicaid is that it changes the tax status of the foster family, making it necessary, for equity purposes, to consider new tax obligations in the rate setting process.

The largest, most immediate return to Minnesota counties would be per diems established for Medicaid services provided in group facilities. When a per diem for child residential group care was done in Tennessee, the Budget Director was able to establish a program in the budget office that generated 40 million new Medicaid dollars. States also have a history of establishing either state agencies or the counties as the Medicaid provider, as was done in Delaware, Tennessee, Georgia and Ohio, allowing the state or counties to bypass most of the implementation problems associated with setting up each agency or facility as a Medicaid provider.

The rate setting methodology adopted should ensure maximum reimbursement for the public dollars spent by each agency. Minnesota is in an excellent position to implement this rapidly for children's Rule 5 facilities since it is based on a combination of time studies, case plans and cost reports that are available for the IV-E claim. For other services, work remains to be done, including (1) expansion to all coverable Medicaid activities; (2) adequate coverage of allowable costs; and (3) allowances for local, regional or provider cost differences.

6. Full Financing of Children's Collaborative and Disability Pilot Projects

Historic under-reimbursement of Medicaid eligible services for eligible individuals can be overcome in the development of capitated or "bundled" (case) rates in

both Collaborative and Disability Projects that allow for the assumption of full reimbursement.

The goal in establishing any rate for these demonstrations should be the maximization of all federal revenues. This is especially true in Minnesota since the upper limits of the state's Medicaid expenditures has not been determined or agreed to with HCFA. While timing of implementation of the Hennepin County Disability Pilot may allow the establishment of regular optional Medicaid programs (e.g., Rehabilitation for adults, expanded Personal Care, etc.) and an accurate expenditure level established prior to implementation, this is not true for the Collaborative Projects that may be implemented in the near future or the early Disability Pilot counties like Blue Earth. For these early projects, the State and participating counties need a mechanism that allows inclusion of all services that would have been eligible for Title XIX reimbursement if it had been available, but without creating "comparability" or "statewideness" problems for the state.

Two viable options: (1) Utilizing the State's authority under 42 CFR 434 and 447.10; and, (2) utilizing the State's authority under 1915(a). Both of these options appear to meet both the maximization objectives and the contract requirements of the Medicaid Agency. Each option and its provisions will be outlined here. The 1915(a) provisions appear to be the most promising, the most flexible, with almost no constraints on the Medicaid agency's implementation. Some research still needs to occur in regard to the 434, 447.10 option to determine whether or not the State can technically avoid all "comparability" problems and to determine if the Medicaid State Plan currently has all of the required assurances. In addition, some research would have to occur in regard to technical qualifications of the counties as a service provider under this provision.

Under each of these two options, it should be noted that a "bundled" rate rather than a true "capitated" rate (as defined in 42 CFR, 434.2) is proposed. This is allowable and has precedent established in other states. To demonstrate this method, we have attached a recent example of how such a bundled rate has been calculated in Delaware.

Option 1. Utilization of the State's Authority under 42 CFR, 434 and 447.10.

Medicaid agencies, under existing regulations, may reimburse services on a prepaid basis, using global rates paid to continuing care provider organizations on a per capita basis for enrolled members. In addition, specialized programs may be carved out of the regular Medicaid indemnity plan and provided for a specific target population in a defined geographical area with rates calculated to cover a specified array of services. The rules for these arrangements are contained within the Medicaid regulations, 42 CFR, 434 (the General Contracts Section). Section 431.1, (Scope) states that the intent of this program is to set forth requirements for contracts with certain organizations for furnishing Medicaid services or processing or paying Medicaid claims or enhancing the agency's capability for effective administration of the program. Included under the definition of "contractor" is a 434.2(c) definition including, a "Private Non-Medical Institution". A private non-medical institution is defined as an institution (such as a county) that (a) is not as a matter of regular business a health insuring organization or a community health care center; (b) provides medical care for its residents through contracts or other

arrangements with medical providers; and (c) receives capitation payments from the Medicaid Agency under a non-risk contract for its residents who are eligible for Medicaid. Subpart B, "Contracts with Fiscal Agents, Private Non-Medical Institutions, and Health Insuring Organizations," 434.12, provides for contracts with these private non-medical institutions. The rules state that contracts with private non-medical institutions must: (a) Meet requirements of Section 434.6 which covers the definition of procurement, identification of the population covered by the contract, specification of the procedures for enrollment, specification of the amount, duration, scope of services, and specification of information and contract provisions; (b) specify a capitation fee based on the cost of the services provided in accordance with the reimbursement requirements in part 447; and (c) specify when the capitation fee must be paid. Section 447 is, thus, the governing section. 447 governs all payment for services; 447.10 allows for payments to "organized health care delivery systems". This is defined in 447.10 as a public or private organization for delivering health services including, but not limited to, a clinic, a group practice, prepaid capitation plan and a health maintenance organization.

Through consultation with a Medicaid official in North Carolina, Dennis Williams, who is familiar with implementing programs under 447.10, has confirmed that organizations such as a county can be considered an organized health care delivery system. Utilizing these provisions the following elements and characteristics would apply.

- 1. Through a contract between the Medicaid Agency and a county, the Medicaid Agency can define the county as a health care delivery system.
- 2. Under 447.10(g), this is an entity to which Medicaid can make payment in lieu of direct payment to each private practitioner or organizational entity under contract to the Mental Health Center, Inc., or for any component of service provided directly by the county.
- 3. The characteristics of this arrangement seem simple.
 - a. It must be a system;
 - b. Its employees must be qualified for the type of Medicaid-covered services being provided;
 - c. Subcontractors can be used if they meet Medicaid provider qualifications; they can be enrolled into the system through an enrollment process or selected through a competitive bid process. If competitively bid, however, it would need to be done in accordance with Medicaid competitive bid requirements;
 - d. A prepaid arrangement can be established per the regulations at 434 subpart c (e.g., 434.420(b))
 - e. Covered services should be limited to those available in the State Plan, or for children's services could all be defined as EPSDT services under OBRA 89.

Potential Advantages:

- 1. It does not require a waiver: You can do it now.
- 2. It should be able to be accomplished through a contract and not require a State Plan amendment.
- It allows Medicaid to deal with just one entity for serving a defined group of Medicaid clients.
- 4. It allows a prepaid, capitated arrangement.
- It encourages efforts to establish provider networks consistent with the desired continuum of care without all the issues and workload associated with direct payment by Medicaid.

Key Issues:

- Accurate rate setting/cost determination based on an actuarial analysis (see also section on Disability Pilot, Maximization and Program Issues);
- 2. Internal organization of the county to act like a managed care entity;
- 3. The relationship of this project to any other managed care waiver the State has in place;
- 4. Relationship between the county and other managed care and health providing organizations;
- 5. The potential for a prepaid arrangement to assist in the development of the necessary continuum of services;
- 6. Potential to expand provider network now to prepare for the future.

Option 2. 1915(a)

Minnesota has looked at the 1915(a) option, but has been discouraged by HCFA interpretation of "cost neutrality". We believe this HCFA interpretation to be inaccurate. 1915(a) provisions of the Social Security Act, utilized in the manner proposed here, have precedent in several states. Since 1991, especially in the Robert Wood Johnson projects, at least three states have had services bundled and prepaid under Medicaid for a defined group of interagency children, such as those being considered in Minnesota. These projects exist in Cuyahoga County (Cleveland, Ohio), in San Francisco, and in Wisconsin (Dane County). In each of these cases, a specially defined population within a prescribed geographical area has been served with a specially designed and defined benefit package, including services that are not specifically enumerated within the state's Medicaid Plan. The contract method between the Medicaid agency and the provider merely requires an actuarial study (often with prospective rates) for the prepaid "bundled" rates. This approach has mainly been used for states to fund pilot projects of flexible services within

a local system of care without extending the scope (and financial liability) of the project statewide.

1915(a) is a section of the Social Security Act that states that a State shall not be considered out of compliance with the federal requirements of statewideness and comparability solely because it has entered into a contract ... "with an organization which has agreed to provide care and services in addition to those offered under the State Plan to individuals eligible for medical assistance who reside in the geographic area served by such organization and who elect to obtain such care and services from the organization." Thus, through Section 1915(a) of the Social Security Act, Medicaid agencies are authorized to enter into contracts for services in addition to those covered under the State Plan. Services need not be statewide; they may be provided to a distinct population group and even to a distinct geographical area. Services do not have to be comparable; the target population can receive services that are not available to an equivalent population group. 1915(a) is based on a capitated rate. The precedents that have been established so far are actually a "bundled" rate rather than the technical definition under federal law of a capitated rate. Some states have built this rate retrospectively; Ohio has developed a prospective rate. The rate must be actuarially sound and it must be prepaid if the contract is not statewide (i.e., does not include the entire population of Medicaid-eligible children). Not all of the individuals enrolled in the program need be Medicaid-eligible. The capitated rate is all-inclusive and covers administrative as well as service costs.

Advantages:

One advantage of the 1915(a) for both the Children's Collaborative Project and the Disability projects is that it is <u>prepaid</u>. Thus, the capitated rate can be used to "front-end" the development of new services. It also allows the Medicaid agency to cover services that it is not now paying for and to limit those services to a specified group. A 1915(a) would give the counties the opportunity to creatively manage the cost of care for this high-risk population it wishes to serve. A capitated payment will allow for the highly individualized services and flexibility and choice of providers that the county will require to successfully implement either Pilot.

In addition, a 1915(a) is a contract. Once Medicaid has entered into the contract, the county may bring in its own service providers and tailor services to meet the needs of each person served. With the contract in place, the county is responsible for paying the providers. They no longer bill the Medicaid agency directly and need not even be enrolled with Medicaid as providers. They must meet the necessary Medicaid reporting requirements, however. The total cost of services being provided within the contract cannot exceed HCFA's upper payment limitation. The rate established must meet certain criteria.

In summary, the 1915(a) Medicaid financing option:

IS – A Medicaid option states can use to contract for a scope of services in addition to those now covered in the State Plan.

IS NOT - A waiver.

- 1. A 1915(a) does not require prior approval from HCFA;
- 2. Does not require an amendment to the State Plan;
- 3. HCFA is only required to process a 1915(a) request.

What it offers.

- 1. Services may be limited to a target population living within a specified geographical area.
- 2. The scope of services is defined in the contract and may be less than comprehensive.
- 3. At least one additional service must be provided which is not now in the State Plan.
- 4. Non-Medicaid clients need not be excluded from the program covered by the 1915(a) contract.
- 5. All program costs are part of the capitated rate.

Contract requirements.

- 1. The target population must be defined.
- At least one defined Medicaid service must be provided in addition to those in the Medicaid State Plan.
- 3. Reimbursement must be prepaid if the program is less than statewide.
- 4. Enrollment into the program must be voluntary.
- 5. When an individual is enrolled in the program, the Medicaid agency can pay no other providers for services included in the contract's capitated rate.
- 6. Payments for services provided through the 1915(a) may not exceed the cost of providing these same services on a fee-for-service basis.
- 7. The actuarial basis for the capitation rate must be explained.
- 8. Enrollment procedures must be described.

Recommendations:

The 1915(a) provision is considered the preferred option for both the Children's Collaborative and the Disability Pilot project. To date, this is the only provision, which can be demonstrated to meet, with information readily available, all of the intent and considerations required in this project by the counties and the Medicaid office. This provision not only allows the state to avoid statewideness and comparability problems, but also to provide for services that are not in the State Plan. In addition, the contract

nature allows a direct relationship between the Medicaid agency and the counties eliminating the need for multiple provider agreements. Within the capitated or bundled rate that is designed, the County can be allowed enormous flexibility to "wrap" the needed services individually around the client. The cost, frequency and duration of specific services can be adjusted to accommodate the particular needs of the client. In addition, there is the capacity to "front-end" the development of the new services that will be needed. These non-traditional treatment services, hopefully, can allow the counties to provide the related services to parents and family members that are necessary to return children to the their own homes.

It is our recommendation that Minnesota Medicaid work with Pilot counties to develop a prospective bundled rate with available actuarial information based on the current cost of Medicaid clients regardless of current revenue sources. An example bundled rate methodology, used in Delaware, is attached.

I. Discussion of Major Topics

1. Disability Pilot Maximization and Program Issues

a. Issues of Program and Pricing Preparation

The State of Minnesota has agreed with HCFA to begin Disability Pilot projects in the State, as the basis for eventual movement to a statewide managed care approach under Medicaid for the Disabled.

There are several issues here:

- ⇒ How soon to begin actual implementation of the pilot?
- ⇒ What sequence of activities should be used?
- ⇒ What expenditures should be included in the cost base?

The third issue – the cost base – is the key one related to maximization. However, in our discussion with the State, Blue Earth and Hennepin providers and advocates, we have been confronted with questions of data availability, current levels of analysis, and/or lack of preparation and definitions of options.

Therefore, prior to looking at maximization issues, we note and recommend the following:

- No one seems to have clear data on programs, costs, outcomes, or service options
 for segments of the care population. As a result, most of the materials we have
 seen are "plans for planning", rather than concretely specific options with full
 information.
- ii. For example, we have seen very little or no analysis of holes in the current continua of care for the disabled (or overspending at points in the continua), together with plans and costs to fill these holes before moving to managed care. Also, there should be pricing methods in the managed care program to provide incentives for preferred areas of program development that are now underfunded and to provide disincentives in non-preferred areas of programs. Both of these actions require time for analysis and design. As a result, the schedule dates that we have seen seem highly unrealistic.
- iii. One of the key problems we have had to deal with in the past is the wide variability in costs in the disability area. As a result we have followed the risk adjustment discussion over the last five years, since, as far as we can see, the combination of risk adjustment with continuum preference pricing rules is an absolutely necessary condition of a managed care program with high cost variability, multiple target populations, complex continuum of care, and imperfect outcome information related to cost and type of care.
- iv. As a result, we believe that there should be far more data availability, analysis, discussion of specific, competing options, and simulations of potential outcomes and the costs of those outcomes. Thus, we believe that there should be at least

- two-to-three analysis and discussion periods, with far more budget devoted to the problem than has been the case so far.
- v. We are concerned about the state of preparation for risk adjustment, also. At present, there is only minimal research that has been done in that area, and none that we have heard of yet in Minnesota. Given the state of preparation that appears to be the case, we would recommend intensive research on risk adjustment, using Minnesota data, and linking risk adjustment techniques to continuum pricing simulations, and to include adjusted costs for groups rather than just current payment data. Our caution here is shared by one of the better research persons in the field, in discussing the competing approaches being used so far:
- vi. "Although diagnostic risk adjustment will do far better than demographic adjustment in matching payments to the need of recipients with disabilities, full risk arrangements are probably best avoided until States and health plans have more experience in setting rates and providing care for this vulnerable and high-cost population."
- vii. As a result, we recommend that the State and the Counties, working together, do one or two years of work on the areas discussed before setting any rates. The initial rates should be bundled rates that are retrospectively adjustable for at least two years. At that point, there would be rate experience, incentive experience, and the underlying research on risk adjustment (e.g., availability of preferred care opportunities, incentive pricing information, and full information on the actual costs of Medicaid-eligible disabled populations).

b. Issues of Maximization

- i. Beyond the questions considered above, there are a number of issues under contention between the various parties, including:
 - ⇒ Who is "disabled"?
 - ⇒ What costs are included in the base?

There are a large number of sub-issues here, but we will speak only to the maximization-related issues. For maximization, the two issues above become one.

In considering costs, we should note that the disabled group is a much more costly one than those so far included in managed care programs. Although only 80,000 were listed as the unduplicated disabled number of recipients in MA in 1996 (of whom 53,000 were SSI-eligible blind or disabled) versus 382,000 in other categories, the blind and disabled used about 46 percent of the money (about \$1.1 billion). While the non-aged, non-disabled had by far the greatest number – about 350,000 – they used less than \$1,600/year per client. The aged in nursing homes

⁸ Richard Kronick, Ph.D., et al. Diagnostic Risk Adjustment for Medicaid: The Disability Payment System. HCFA Review, Spring, 1996, Vol. 17, No. 3, P. 27.

(35,000) used \$22,000+ per client per year (\$760 million plus); overall, the aged used more than \$950 million and the 80,000 disabled used about \$14,000 per client per year. Further, the variability in costs among the disabled is large, ranging from subgroups with cost profiles like those of the AFDC child and parent groups to significant subgroups with costs in the \$50,000 to several hundred thousand per year ranges.

ii. Inclusion in the Cost Base for the Disability Pilots

In pricing managed care for the blind and disabled, where cost in year-of-service is used, a number of issues of "what is full cost" need to be considered. Cost for a managed care system should probably include the following:

- * Current payments, including late claims. This is a large problem for the disabled for several reasons:
 - a) About one-sixth of the disabled are new awards in any given year. About one-half of all back Medicaid months for the group are for persons whose eligibility took more than one year from date of application to decide; and Minnesota systems are very inefficient at picking up those months (especially those months in the 90 days prior to initial application). The costs for each year of service for these persons should be estimated as part of the managed care cost base, since they amount to about eight to ten percent of actual annual costs.
 - b) A large number of GAMC recipients (about ten percent), those with the highest average costs, are eligible for SSI/SSDI, but have never been enrolled. Stepped-up advocacy or, prior to the effects of stepped-up advocacy, estimates for this group, should be included in the base.
 - c) There is a small, but significant proportion of claims that are not "clean", and, thus, do not get counted in MA. Efforts to provide closer claims/billing QC, and estimates based on them, should be used for inclusions in the base.
 - d) About 20-25 percent of SSI is concurrent SSDI. Sixty to 80 percent of these are Medicare eligible, as well as Medicaid eligible. Because of this, there is always a time problem with coordination of benefits procedures before the actual MA amount can be booked. If there are any losses to the base here, there should be estimates that include them.
 - e) There is a significant "date of onset" problem for the concurrents. DDS books 75 percent of all new awards in the date of application, thus losing significant SSDI and Medicare benefits for up to 17 months for many of the concurrent cases. The Department now polices the problem of adult children of current or deceased social security recipients, but does it for no one else. The back claims impact from the DHS project, and the impact from those not now pursued, should be estimated and included in the base (these figures, contrary to most of the other estimates, will result in a

<u>decline</u> in the base; but, including them helps to ensure a "fair game" in the final total estimate of the base).

* Waiting List Costs

At present, State policy keeps out some persons eligible for waiver programs, because of a combination of State and Federal policies. Elsewhere, we recommend that the State include the current MA services they are now receiving but for which they are not reimbursed (e.g., non-waiver/non-ICFMR DD day treatment) in the MA State Plan. The costs for this group should be included in the base.

* Rate Adjustment Costs

At present, the State is behind in adjusting some rates to actual costs (e.g., Rule 79 case management payments are very low compared to other states and to the actual market faced by the counties). These should be adjusted and added to the base.

Social Services Payments

The State does not pay for a number of services provided to the disabled that are covered under Medicaid in other states (e.g., the treatment part of children's residential programs). We recommend elsewhere including these in MA. They should be included in the price base.

* Change Based on Rate of Entry and Exit Changes in the Disability Population

If the State follows recommendations for advocacy for children and adults in the disabled, but not enrolled, population, there will be upward changes in movement onto the disabled rolls. We cannot estimate now the effect of such change. That will become evident about two years after instituting such policy. However, it should be noted that the neighboring State of Wisconsin has a rate of disabled per capita that is about 35 to 40 percent greater than that in Minnesota.

At the same time, a number of children will be terminated from SSI, based on the 1995 Federal legislation. How great a decline in the rolls, if any, will depend upon the State's use of advocacy for those receiving termination notices and for those making initial applications.

Estimates for the effects of these changes should be made and included in the price base (both cost numerator and number denominator).

Issues of Who will be Included

There has been ongoing discussion of what to do about the non-SSI persons included in the PMAP plan, who might be defined as disabled. This is not a trivial problem, since a number of persons in PMAP are receiving services that are normally provided to the disabled (IV-E children in residential

treatment, AFDC children in under-21 psychiatric care, other MA-eligible children in some form of residential placement, adults on GAMC who have some form of mental illness or CD services, for example). The two key problems here are to be able to provide needed care under the program they are in and to provide adequate boundary criteria so as to prevent cost shifting. If the persons are systematically stopped from receiving adequate care under PMAP, then they should be considered for transfer into the Disability Pilot, with adequate cost adjustments on both sides. If they do receive adequate care under PMAP, then the only question is whether they will be easily enough identifiable as PMAP, MH, or CD persons, that they will not be cost-shiftable when their costs become high for the PMAP provider.

* A Standard Inflation Figure

We presume that this would already be in any calculation under consideration. The trend figures, however, should be applied to the <u>full</u> pricing base, after the additions and subtractions recommended above.

Once these questions are dealt with, there should be something close to a full actuarially sound estimate of the total cost of an administratively updated payment and eligibility system.

To get there, we propose that the State develop a small cost estimating team that operates closely with whoever is responsible for updating eligibility, rate-setting, and coverage maximization projects. The Department already has a very capable economic statistics-estimating group; an expansion of their responsibilities might be enough. At the same time, to develop the data, DHS should be expanding its current data warehouse effort in Medicaid. That effort shows significant progress in, for example, the mental health cost estimating work.

iii. The Problem of Which Costs are Included in the Managed Care Base

HCFA's current attitude toward inclusions in the base of managed care programs tends to emphasize historical spending within MA, as recorded prior to any administrative tidying-up, for obvious cost control reasons. They have occasionally broken from this attitude to approve costs that could have been included if managed care was postponed long enough to get State Plan changes and increases in spending into historic experience (e.g., Minnesota's expansion of MA into the parent/child MN Care population). The law itself focuses on actuarially sound estimates of program costs, the definition of which can be quite elastic.

The approach we have taken here is one that emphasizes historic spending for a given time period, as recorded by the State, plus corrections for late claims of all kinds, plus rate-setting and coverage changes that have clear full-cost implications, plus corrections for eligibility of persons eligible for MA without change in the eligibility rules.

Such an interpretation would probably add 10 to 15 percent to the total spending base for the disability population, with the major parts of the increase coming from changes in the number eligible (which, under capitation or bundled rate, has little or no effect on the cost per member or recipient) and from changes in administrative cleanup (e.g., backclaims, cleanup or unedited claims, etc.). Thus, only a small amount of the increase should be a difficult issue in negotiations with HCFA.

2. Making the County-Based Purchasing Decision: An Alternative Option

A. Background

At present, the State and Federal governments assume the risk for managed care in the State. The State has the control of the program. Under the State CBP legislation, the County has the option of taking over managed care for the plan members in Hennepin County. There are various "penalties" if the County begins but does not continue, or if the County actually implements but decides to turn it back to the State. The basic bargain is, however, that the County assumes all risk from the State and Federal government in return for taking control. The County has a number of reasons for considering a takeover. Among them:

- ⇒ The program has been operating for a number of years with plenty of experience. Presumably, surprises on takeover would be small.
- ⇒ The County believes that there has been much cost-shifting by the plans (e.g., through medical necessity denials, lack of public health-oriented preventive services).
- ⇒ There have been very little systematic data or studies by the State available for County planning and design that might, under negotiation with the plans, make up for the current inadequacies in the program.

The County's basic goal here is to have a "seamless delivery system". The State has made a number of changes in PMAP system so far, and has indicated a willingness to share data and studies when the State's information system ("data warehouse") is up to it.

B. A Possible Option

The County has already done a good bit of analysis on the current options. It clearly recognizes the problem arising from the County not having an experienced work force of people ready to step in and write the contracts, monitor the plans, administer plan payments, develop risk adjustment components for the payment schedules, have its own data warehouse, understand how to price and incent the public health-oriented services, and how to integrate social services with the health services, within a multiple-plan context.

It strikes us that the acceptance of full risk without detailed understanding of what is going on with all subgroups of the program, especially the cost data needed for risk adjustment down to fairly small groups, without experience in using the database for management purposes, and without experienced contract writing and administrative people, is a bad bargain. Therefore, we would suggest a "get ready and get experienced" option.

- Define a three-year get-ready period.
- Work out an agreement with the State, with appropriate data privacy protections, to provide SDX, Bendex, TANF, Medicaid, and DDS (application, diagnosis, appeal) data on a monthly basis (weekly for SDX and Bendex) to the County. The County will then strip out the Hennepin resident data.
- ◆ The County will create, using the above data and the County's social services, HCMC, Pilot City, and Community Health databases, an integrated registry. That registry would provide a universal identifier for persons who have received services or income from the County, State or Federal governments, the billings for any service, etc. Such a registry allows the County to track clients through time, across institutions, with reimbursements, fees, costs, and payments to the client, by source. Some examples of uses:
 - ⇒ Define target groups of interest (immunized/non-immunized children; high users of emergency services; persons in HMOs referred to State institutions) for studies of outcome, cost, client destiny, associated costs, movement into and out of public sector programs.
 - ⇒ Develop alternative options for current destinies, and simulate costs, cost/price potentials of treating such groups differently (specialized case management, incentives for preferred alternative treatment options).
 - ⇒ Analyze cost patterns for target groups, as basis for risk adjustment.
 - ⇒ Analyze medical necessity denials and subsequent treatment (and who bore the cost) as a basis for cost shifting analyses.
 - ⇒ The County creates a contract-writing knowledge bank, in part by hires, in part by purchase of consultation, in part by building up its own library, and in part by using studies from the database.
 - ⇒ From its studies and consultation, the County prepares annual recommendations to discuss with DHS, and to advance to the legislature, if necessary.

Armed with the formal options, the economic analysis, and reasonable outcome simulations, the County should be able to make its case to DHS, the Association of Counties, and the Legislature.

If this part of the process is successful, then no further movement is needed. The PMAP process will have been improved, and there will be a successful operating model of State-county cooperation and contract improvement that any county or

group of counties can use, if they believe they need such a process. If the process is unsuccessful, then the County should take the next step and organize a contract negotiating and monitoring group. With the multi-agency unified database, economic and clinical data, sophistication on contract mechanisms and pricing, that step should be relatively easy. At that point, moving to CBP should also be relatively easy. However, if the County has done the first part, it may never need to take the last step.

With the Health Policy Unit already in existence, the development of these capabilities within the County should be a natural next step. Note that such a unit would be partially supportable through either A-87 countywide cost allocation process or direct billing under a number of Federally supported administrative accounts.

3. Larger Maximization/Savings for State and Counties in Minnesota Human Services

A. The Problem

Over the years, Minnesota has developed a number of excellent programs that have resulted, at the same time, in increased Federal funding.

Many of these have been developed as waiver programs that, at one stroke, have allowed the State and the counties to change their program approaches and to increase Federal funding at the same time (e.g., HCB waivers for MR-DD, aging waivers and the 1115 waiver for managed care). In the regular MA program, DHS Reimbursement Division's program for adult disabled children of deceased and current recipients of Social Security, and the TEFRA program for disabled children are examples of how the State may also gain access to regular MA funding and Medicare in a creative way.

However, there has often been a reluctance to deal with many of those programs that require detailed, persistent attention – often by multiple agencies. These include a number of programs that have been successfully reformed in many other states, using Federal entitlement program funding increases as an instrument of reform:

- ⇒ IV-E eligibility and claiming for maintenance and administration;
- ⇒ Expansion of the fee-for-service MA system, on a non-waiver basis, for services claimable in MH, MR-DD, Child Welfare, and other social service areas;
- ⇒ development of rate-setting and billing systems that pay adequate amounts for care, provide incentives for preferred (often less expensive) care assignments, and assure that eligible persons receiving covered services are billed for them;

⇒ careful administration of advocacy, eligibility, billing and claiming, and normalization, rehabilitation, and jobs programs for the disabled in the linked GA-GAMC-Social Services-SSI-SSDI-Medicaid-Medicare system.

This last area, because of the over-cautious, administratively fragmented, and limited advocacy orientation of the system, has resulted in disabled children and adults being eligible only for 100 percent state or county programs (CSSA, county tax levy, GA, GAMC, charity care) when they could be eligible for Federal or Federal-State programs. Associated with this appears to be some degree of administrative confusion in areas where highly knowledgeable, highly structured case management, focused on clear, concrete program objectives for the different classes of clients is needed – with budget and spending controls that provide strong incentives toward providing the client with programs and tools that allow a normalized life.

The fiscal result has been a loss of \$100 to \$200 million plus per year in Federal funds (of the kind that are achievable over a three-year effort period) to the State, its counties, and its disabled citizens. This is not large, relative to the \$12 billion plus that is spent each year by Federal, state and local governments on human services in Minnesota. It is, however, an ongoing source of fiscal and program problems at the county level, and an ongoing source of tension between counties and the State. At the same time, the existence of such money and program problems tends to distract the attention of the county and state levels of government from solving some of the deeper problems related to urban and rural proverty in the State (in education, housing, training, jobs, transportation, and health).

Last, as a lesser fiscal point, the failure to access these funds means an eventual lower cap, if Medicaid is finally capped; or, in the case of managed care, a lesser budget neutrality number, that is in effect a cap.

Therefore, we are recommending actions to the State and to the County to solve some of these problems in the short-term, some in the medium-term, and some in the long-term. The results can be, simultaneously, program reform and the availability of many millions for both State and counties, to be used for program expansion, budget offsets, or some combination of the two.

B. What a Solution Would Look Like

i. The Rules

- (a) Both State and counties must win fiscally.
- (b) Any changes should improve programs or leave them to operate at least as well as before; and, clients should benefit.
- (c) The returns, both fiscally and programmatically, should be worth the effort.

- (d) If possible, the changes should provide savings over some time horizon, perhaps longer than that for State and county governments – to the Federal government, also.
- (e) The administrative, program, and financial changes should fit within the current framework of Federal law and regulation; and, preferably, such changes should have citeable precedents elsewhere.

ii. The Fiscal Background and Its Implications for Equal Improvements and Funding by State and Counties

At present, human services financing for the aged in Minnesota is extremely large. Medicare and Social Security for the Aged amounts to about \$7 billion per year. For the disabled, Medicare and Social Security for the Disabled, and SSI for the disabled, amount to more than \$1 billion per year. Although they are cornerstones of health care and income maintenance financing in the State, they do not run through the State budget and are generally ignored in any discussion of human services in the State.

At the same time, the State pays almost the entire nonfederal bill for the health care and income maintenance financing that runs through the State budget. Except for a few programs where counties pay the non-federal part, most health and IM programs (TANF, MA, GA, GAMC, MSA, Consolidated CD Fund, GRH), about \$3.5 billion, per year are paid for by Federal and/or State funds.

About \$400 million of this State income maintenance and health programs are paid for by the State alone, (MSA, GRH, GA, GAMC, and MNCare). Aside from these programs and those mentioned above, the State also spends very large amounts of State-only funds for county social services. For example, for mental health, the State spends \$83 million on programs administered in the counties that are pure State funds. There is clearly far more than that spent for all social service programs through CSSA, Rule 36, etc., in all localities of the State. In Hennepin County alone, the State spends more than \$70 million per year that is not matched to Federal Funds.

What this means is that there is a statewide "matching bank" of \$600 to \$700 million per year in State funds alone that is potentially matchable to additional Federal funds. At the same time, the State's counties are spending very large amounts of county tax levy on human services, very little of which is matched to Federal funds. For example, Hennepin County spends more than \$195 million per year on social services, Pilot City and HCMC in tax levy funds. About \$160 or \$170 million per year of this is not matched to Federal Funds. There is potentially a proportional amount in other counties. At least part of these funds is available to use on match to expanded use of entitlement federal programs.

Making the potential become actual, however, cannot be done in a year. Further, while the theoretical total amount of new Federal funds is large, the long-term actual amount actually available, even with long-term commitment, is less. The point is, however, that there is so much here that we can identify easily, simply by identifying those programs that jump off the budget page in a short engagement, that moving into large amounts of new Federal money is not excessively difficult.

For example, after a gear-up period of about six months, the State budget should be able to access about \$30 million in the first 12 months of full operation and about \$60 million in the third year -- in new Federal funds, at no cost to the state (i.e., currently spent funds function as the nonfederal match, where it is needed). This is from non-social services a State-only funded program, except for a program using Medicare for Medicaid offsets, from a group of five projects.

At the County level, using social services funds in the main, we have identified about \$20 million per year in Hennepin County, and \$600,000 per year in Blue Earth County, that implies a possible \$60 million statewide from the short-term county-service-related actions we recommend. These amounts are Federal Financial Participation (FFP), using currently spent county and state social services funds as match. The amounts we have identified so far imply a relative equality between the State and counties. In early years, the counties would benefit more; after about three years, the State and counties should be somewhere near equality.

iii. The Activities to be Carried Out

Although the State of Minnesota and the counties have done some creative individual things in human services financing and programs, they do not appear to have considered how they might systematically understand and deal with the problem. Despite tighter circumstances budgetarily, doing so could mean a combination of savings and program expansion of \$1 to \$1.5 billion per year in the longer term.

By the longer term, we mean five to 15 years. If this seems long, note that it was 1983 when the State of Minnesota made the legislative determination to restructure the care system for MR-DD, Mental Health, and ED. The task is still not completed 14 years later, but the "institution problem" – which was one of the key ones facing the State in human services in the early '80's – is about finished; the out-of-control, "invisible" ICF-MR problem of that time (5,600 operating beds, 400 more in the pipeline, and a publicly-acknowledged number of fewer than 3,600) has been taken a long way toward solution through phasedown into lower level and lower cost care activities. At the same time, the State is saving a total of more than \$100 million per year in Federal and State expenditures in comparison to what it would have been spending had those measures not been taken in 1983.

The following chart provides a layout of what must be done in the short-term (one to two years), the medium-term (three to five years), and the long-term (six to 15 years), in order to be able to access the federal funds now being lost at both the State and county levels in Minnesota. Most of the short-term actions are described in detail elsewhere in this report.

J. Savings to the State of Minnesota and its Counties Through Program Restructuring and Federal Revenue Maximization. A Macro View over Short and Long-Term Horizons

Length of Term	Amount of Savings or New Program Matching Funds	Actions to be Taken/Type of Problem to be Solved
Short-Term (1-2 Years)	\$60 to \$120 million per year	Pick up missed claims for MA.
		Speed up SSDI and Medicare using date of onset for SSI/SSDI dual eligibility cases
		Do intensive advocacy and eligibility for SSI children, IV-E and GAMC recipients
		Clean up rate-setting and billing
		Expand coverage
		Design and develop data bases that allow for analysis of epidemiology of costs; definition of homogeneous, high-cost treatment groups; easy analysis of data at county or multi-county levels; tracking of demographic exchange and movement within disability continuum, child welfare systems, analysis of program changes effects over longer time horizons. Restructure & expand continuum of care for disabled populations (including crisis services)
Medium-Term (3-5 Years)	\$120-200 million per year	Develop analysis of epidemiology of human services costs Continue program restructuring in aging, MH, MR, CD Design and implement a disability pilot strategy, with both maximization and normalization incentive aspects
Long-Term (6-15 Years)	\$200 million plus per year	Use analysis results from previous years to develop specialized programs for long-term, high-impact results (e.g., intensive team-oriented prenatal and early childhood prevention programs, probably including early childhood education) Intensive education/training for at-risk adolescents and for adults needing second chance programs (those with high probability of success). Use intensive analysis of 20-year U of M Help Center experience for design of such programs. Full normalization in DD; highly targeted case
*		management/clinical treatment teams for highest cost manageable diagnoses (e.g., diabetes, stroke, spinal cord injury

SOME ROUGH ESTIMATES ON TOTAL HUMAN SERVICES FINANCING IN MINNESOTA' (\$ In Billions)

Type of Revenue Source	Cost to Level of Government					
	Federal	State	Counties	Total		
Federal Only (SSI, SSDI, OASI, Medicare, Blk Grts)	8.0			8.0		
Federal-State (Hlth & IM)	1.8	1.7		3.5		
State Only - Hlth & IM		0.4		0.4		
State Only - Social Services		0.2 (?)		0.2		
County Tax Levy			0.8	0.8		
Total	9.8	2.3	0.8	12.9		

THE MINNESOTA "MATCHING BANK": STATE AND COUNTY FUNDING THAT COULD BE USED AS MATCH TO FEDERAL ENTITLEMENT FINANCING

(\$ In Billions)

Area of Current Spending						
Level of Government	Health & IM	Social Services	Total			
State	0.400	0.200	0.600			
County	0.100	0.700	0.800			
Total	0.500	0.900	1.400			

⁹ Does not include education, Veterans, Corrections, Vocational Rehabilitation, employment services, housing.

K. The Hennepin County Matching Bank

In Hennepin County, there are several large consumers of State and Federal funds that go through the State Department of Human Services: The Hennepin County Medical Center; the County Department of Economic Assistance; the County Children's Services Department; the County Adult Services Department; Community Health Services; Jobs and Training; and Pilot Cities Medical.

Jobs and Training, which is already heavily funded federally, is of less interest (it is of more interest programmatically). HCMC, while heavily funded by MA and GAMC, and only a little by county tax revenues, is of interest because it may furnish the basis for a *quid pro quo* between county and State. The remaining Departments are of great interest because of their potential for increasing the amount of Federal funds coming into the county at no net cost to the State.

	18080	66				100
Th -:- +-+-1	expenditures,	1				a fallower.
I neir iorai	expenditures	\mathbf{p}	revenue	Source.	are a	S IUIIUWS.

(\$ Millions)								
Department	Federal/Fed-State	State	Other	County Tax	Total			
НСМС	248.810	33.311	6.2	16.4	304.7			
Adult Services ¹²	14.2	20.6	3.2	49.8	87.8			
Child Services	43.4	45.6	5.2	97.3	191.5			
Pilot City	4.8	0		3.1	7.9			
Econ. Ass.	<u>33.5</u>	25.9	<u>16.7</u>	28.0	104.1			
	344.7	125.4	31.3	194.6	696.0			

The decision for choosing maximization targets depends upon three factors:

- 1. Where is the public-sector money that is not matched to Federal funds?
- 2. Where are services that are eligible for open-ended funding, but not now so funded?
- 3. Where are the persons who are eligible (or potentially eligible) for Federal open-end programs, but whose services are not now reimbursed?

The currently unmatched county (and some State) funds are mainly in Adult Services, Children's Services, Pilot City, and Economic Assistance, a total of more than \$300 million in non-federal revenues — with no more than \$100 million (and probably much less) already matched to Federal funds. This mean that at least \$200 million per year exists as potential non-federal match for any increased Federal entitlement funds.

¹⁰ Medicaid-Medicare

¹¹ GAMC

¹² Not including waiver programs or chemical dependency fund.

L. The Specifics of Actions Needed to be Taken by the State

1. Advocacy for the Disabled and Blind

a. Children

The State's strategy for disabled children program eligibility should allow the State to link up –

- i. DHS (which is spending the State money on those children who are eligible, but not on the SSI rolls);
- ii. DDS/DES (which is making the decisions on children's eligibility, without providing information systematically to the other actors);
- iii. DOH (which is acting as the State's clearinghouse on the Social Security implementation of the 1996 legislation);
- iv. County Human Services offices (which have, along with DHS, the most to lose if a child is inappropriately determined not disabled or determined not eligible on procedural grounds);
- v. The advocacy groups (who are trying, in a fragmented, underfunded way to represent these children).

The key loser in this matter is the State budget in DHS. It will pay the most, eventually, if a child now on the rolls is determined ineligible or a child not yet on the rolls is denied. If the child is disabled and not admitted to, or kept on, the SSI rolls, it affects the TANF budget, the social services budget, and the Medicaid budget (sometimes in the short-term, sometimes in the long-term) and the effect is always to eventually increase the expenses of the State and counties (but mainly the State).

The actions that the State should take:

- ⇒ Provide case management advocacy under MA (a very high proportion of the costs can be paid this way) for every current recipient determined ineligible (including those determined ineligible in the past who have the right to have their case reconsidered because of procedural errors on the part of Social Security); all new applicants who have been denied; and, for all children defined as high-probability applicants.
- ⇒ Provide case management for all persons applying, and for bringing those identified as high-cost children into the application process, when relevant.
- ⇒ Screen the State rolls for children on MNCare, TANF, IV-E, and any other non-SSI categories that are the highest cost users of the various forms of State medical assistance. Provide the list to case management.
- ⇒ Case management should err on the side of appealing at each level of the appeals ladder, rather than not appealing in the face of a denial, at least through the ALJ level.

- ⇒ Case management teams should be oriented toward BA-level medical case workers, preferably those who have themselves spent some time on AFDC or the disabled rolls at some point. They make very effective workers. Some attorneys should be used, but only for procedure and financial cases. For the clinical cases, ALJs tend to sympathize with the medical social workers.
- ⇒ A fully staffed advocacy team should be able to process cases at a rate of about 60 to 90 cases per staff person per year, within four to six months after startup.
- ⇒ There should be a single, statewide, case management group for children, with its own information processing capabilities (which are extremely important for screening, tracking, and outcome analysis purposes), and with its own budget for producing medical evidence relating to current eligibility and date of onset.
- ⇒ The case management teams, whether in-house or contracted; regardless of what agency houses it, should have a contract with DHS for medical case management, and should have some responsibility to that agency as a result.
- ⇒ There would be at least 1,500 to 2,500 cases per year needing representation, implying an advocacy team of 20 to 40 persons, and a budget of \$1.2 to \$2.4 million per year (about 40 percent payable from MA administration). The returns (over current benchmarks for the same group) should be about \$3 to \$5 million in the second 12-month period of operating, increasing \$10 to \$15 million per year after several years of operation (outyear returns increase, not only because of the annual group brought on or protected from being dropped from the rolls, but, also, because the Medicaid returns increase as persons pass the one-year-after-leaving-the-rolls anniversary, and as the older children pass into the Medicare eligibility period by virtue of parental Social Security or by virtue of passing into adulthood and gain six quarters or more of Social Security qualified employment).

b. Adults

The State currently has no strategy for disabled adult program eligibility. That strategy lack results in:

- ⇒ Increased GRH, TANF, GA and GAMC payments by the State.
- ⇒ Increased social services costs in the counties.
- ⇒ Increased Medicaid payments by the State for services to clients for whom Medicare should be paying (this may be resulting in large costs in state institutions and in all nursing homes).

The loss to the State is not exactly quantifiable now. However, experience elsewhere suggests that the losses in the area of adult disability are on the order of 10 to 15 percent per year of the GAMC budget, and 5 to 7.5 percent of the GA budget. There are also losses to GRH budget, both in the GA and the MSA parts. There are losses to the CD budget (for those non-SSI/SSDI CDs with severe organic sequelae of their addiction, which are in themselves disabling). Last, there are losses to the

Medicaid budget (in foregone Medicare offsets) for those persons not given a correct date of onset, for those persons in nursing homes and institutions whose concurrent eligibility is ended because of an artifact of the deemed income regulations, and for those persons whose quarters of eligibility for SSDI and parental Social Security status are not closely monitored (although DHS has a successful project in this last area).

The losses here are very conservatively estimated at more than \$20 million per year to the State, in the short term.

The actions that the State must take to address these problems:

i. GAMC and Charity Care Advocacy

- a. Make an interagency deal with DES/DDS to pay for an expansion of budget to fully investigate backward for all new applicants to actual, provable date of onset. This means not simply using medical evidence for the period immediately prior to the application, but, for all applicants alleging longer term handicap (e.g., all applicants with long-term GA or MA-only disability category benefits; all applicants with possibly congenital handicaps; all applicants with long-term MA or GAMC benefits history for the same or similar diagnoses), doing a special investigation to establish that earlier date. Those with some social security work history get priority.
- b. Pay for advocacy teams: One at Hennepin County Medical Center to be responsible for Hennepin County; one, possibly in St. Paul, to be responsible for the rest of the metropolitan area; and, one or two teams to be responsible for the rest of Minnesota. Each team is responsible for dealing with the highest-cost recipients of GAMC or charity care between the ages of 18 and 65. It makes the decision as to whether to make application for MA immediately or to wait for the SSI 90-day boundary; as to whether to appeal on denial; as to how to assure the 90-day prior; as to whether to apply for patients who have died. It accepts referrals from all sources, including walk-ins; however, the priority source should be those provided by the backclaims unit (see below).

These teams should provide advocacy and screening services to about 10,000 persons per year. The highest priority is the GA/GAMC high-cost cases that have not already applied; the next priority is all cases that were denials at the initial or second level. In the first case, the team searches for these people, makes its preliminary decision the probability of the client's eligibility, gets an A/R signature, works the client up, coordinates with statewide team responsibility for date of onset evidence; assembles documentation; assures that all deadlines at each level of application and appeal are met; and takes clients through ALJ. For final denials with likely progression in handicap, the team schedules lookup every six months.

The 10,000 persons screened will reduce to about 6,000 who actually receive full services. About 4,000 will eventually make it onto SSI/SSDI; another 1,200 will make it onto MA only. Seventy to 100 persons will be needed for the four teams. They will have a learning curve of about one year to 18 months, which will allow them then to deal with a constant stream of 500 new full-service cases per month, while dealing with a growing appeals backlog.

The annual cost of the teams will be \$9 to \$12 million per year, with about 40 percent of the cost paid through MA administration. The returns will be incremental, with about 15 percent shrinkage per year for each year-cohort of eligibles. On average, each MA-only case should return \$3,000 to \$5,000 per year in new FFP; each SSI case should return about \$6,000 to \$10,000 per year in new FFP; and each concurrent case should return \$6,000 to \$10,000 per year for the first 1.5 years; thereafter, \$7,500 to \$13,500 per year.

Total gross returns, after shrinkage, should be about \$7 million in year one (\$2 million net, approximately); \$18 million in year two (\$12 million net); \$60 million in year 3 (\$54 million, net). Since about half of these cases would have been enrolled without this policy (although later, on average, and at less returns, on average, but with less cost), a conservative measure of net for this policy would be a loss of \$2.5 million in the first year, a positive return of \$3 million in year two, and a positive return of \$24 million in year three, and a net return of \$34 million in year four. Thereafter, due to increased shrinkage and lower-average-cost eligibles, the net will increase more slowly. At this point, the teams should be downsized to eventually about one-half their original size, since the State's backlog of persons too handicapped to apply should have been reduced to a small size, with only new cases to be dealt with thereafter.

It should be noted, when considering the realism of these figures, that there are companies who would gladly carry out this program for a 20 percent contingency on the annual gross savings, calculated to include shrinkage, as long as the contract is for five years or more.

ii. Backclaims for DHS cases.

Nemadji Research Corporation, from their work at Hennepin County Medical Center, estimates that there is about \$20 million in FFP per year obtainable from missed claims for MA and Medicare (which offset GAMC/Social Services payments and MA payments, respectively). The work can be done most efficiently, and least expensively, by using SDX, Bendex, MAXIS, and MMIS data dumps from the statewide stores. This also matches Nemadji experience in other states. As a byproduct, an unduplicated client registry that can be used for any form of match between the four databases can be produced. As such, this – if used by the counties for such projects as

disability pilot planning (and combined with county social services data) – can be a powerful tool in county, multi-county and state human services planning.

Another side benefit from such a program would be the list of high-cost GAMC users for the state advocacy teams. Such a list can be produced as a byproduct of the backclaims work.

Appendix 1: Delaware Example of Bundled Rate Methodology

SUMMARY OF METHODOLOGY FOR DEVELOPMENT OF A BUNDED RATE FOR MEDICAID BILLING FOR DSCYF MENTAL HEALTH SERVICES

I. Introduction

To develop a bundled rate, the Medicaid billable costs are combined in a numerator, then divided by a documentable, trackable denominator (MA eligible member months). We used the direct service portion of the approved 1995 fee-for-service rates as a baseline in developing the bundled rate. Chart 1 graphically outlines the bundled rate methodology.

II. The Bundled Rate Numerator

The numerator is a combination of three types of costs:

- Administrative costs at the state, department and division levels that are allocated to Medicaid clients/services by an *indirect allocation* method.
- 2) <u>Direct service costs</u> (such as Assessment) which are allocated to Medicaid clients by an indirect allocation method, and
- 3) <u>Direct service</u> costs, which were created by multiplying FY95 actual service units times a service/provider specific unit cost rate which is inflated to represent costs at the FY 96 level.

The Indirect Costs Included in the Numerator

Administration costs, such as the SWCAP, DSCYF Secretary's Office, DMS Fiscal section, DMS Personnel, etc., identified through the state's DFMS accounting system, are allocated to the Child Mental Health Services division using the same allocation methodology as in previous fee-for-service rate methodologies; i.e., in estimated proportion to the CMHS division's contribution to the department's total "output". The allocation basis chosen for each administrative unit was determined to be the most rational for that type of service (i.e., number of FTE's to allocate the personnel function and number of accounting transactions to allocate the fiscal function). The aggregate administrative indirect costs allocated to CMHS will be multiplied by the Medicaid penetration rate (defined below) so that only the Medicaid portion of those costs assigned to CMHS will be included in the bundled rate numerator.

Because the DSCYF assigns various costs in its Management Services APU to federal entitlement programs, either by split coding or through reimbursements, steps were taken to ensure that costs used to match various federal entitlement programs were not included in the indirect costs to be allocated as part of the bundled rate (these same steps have been taken in previous Medicaid rate calculations).

The Clinical Coordination and Consultation and Assessment services provided by the CMHS staff will be treated as an indirect cost, originating at the division level, for purposes of allocation to the bundled rate. The Assessment costs required one adjustment. That portion of the cost and related member months of Assessment provided to YRS clients, usually at the request of a Family Court judge, who do not become part of the CMHS managed care program, have been removed

from the numerator and the denominator. The combined, adjusted cost of these two services was then multiplied by the Medicaid penetration rate (defined below), so that only those costs attributable to Medicaid eligible children who will be part of the CMHS managed care program are represented in the bundled rate numerator.

Medicaid Penetration Rate

The Medicaid penetration rate will be determined by dividing the FY95 member months for Medicaid eligible children by the total member months for children served by CMHS in FY 95. (See Denominator for definition of a member month).

The Direct Costs Included in the Numerator

The direct service costs will be calculated by multiplying the 1994 actual direct service portion of the 1995 approved Medicaid rates times the actual units of service provided to Medicaid eligible children in FY 95. Each month of client service was matched against the Medicaid eligibility file (via the extract program that pulls eligibility data from the MMIS and puts it in FACTS) so that services within a month could be identified as eligible.

To correct for the fact that the service data represents costs that are two years earlier than the period in which the 1996 bundled rate will be applied, we propose to inflate the direct service portion at 4.5 percent for each of two years (1995 and 1996) which is the Medicaid approved inflation index for "non-medical" costs for both of those years. The next bundled rate period will use the most recently completed fiscal year for its cost base.

Other Third Party Insurance

The availability of private, third party insurance to augment or supplant the cost of services billed to Medicaid has been factored into the bundled rate calculation.

II. The Bundled Rate Denominator

The denominator will be the Medicaid eligible client months as determined by the assignment of the client to a CMHS treatment team and the recording of a service paid for by CMHS, as captured in the CMHS database. This data is a combination of children who were actually managed in FY 95 and those who were served and not managed but will be clinically managed in FY 96. The number of member months was developed by breaking up service data between a period of admission and discharge and converting the services to discrete service months for each client for all months of service. Therefore, a single member month is counted for any month in which a child received at least one service, no matter how many services a child received in that month. Months in which a child received no direct service, but was not "discharged" from the CMHS managed care program, are not counted in the member month calculation. This data was then matched against Medicaid eligibility data in FACTS to divide the member months into eligible and ineligible months.

III. Adjustments to the Historical Utilization

Adjustments will be made to both the numerator and denominator to account for program or budget changes for which an impact on cost and service utilization patterns in 1995 can be reasonably projected. One adjustment made was to remove the cost and associated member months for children who received 30 or fewer outpatient units during FY 95 who would not meet

CMHS' criteria for clinical management under the Managed Care program. The primary care MCOs will be responsible for providing outpatient services to these children after 1/1/96. Those YRS/DFS clients receiving rehabilitative services, which are not clinically managed by CMHS, will be excluded from the bundled rate calculation and will continue to be billed as fee-for-service.

There are some costs and services that were not included in the DSCYF FY 95 service base that will be added to the bundled rate calculations. As of 1/1/96, CMHS will become responsible for managing new service populations, such as the children previously served in psychiatric programs of freestanding general hospitals, that need to be included in the bundled rate calculations by adding costs/expenditures and member months. The cost of children who received 30 or fewer Kent General outpatient units during FY 95 was excluded from the bundled rate as with other outpatient clients.

V. Summary of FY 95 DSCYF Medicaid Services Included in the Bundled Rate

Psychiatric Hospital and JCAHO Accredited Residential Treatment

Non-accredited Residential Treatment

Treatment Family Homes

Mental Health Crisis Intervention

Mental Health Day Treatment

Mental Health Outpatient

Clinical Coordination

Assessment

Clinical Behavioral Guidance

Alcohol and Other Drug Accredited Residential Treatment

Alcohol and Other Drug Day Treatment

Alcohol and Other Drug Outpatient

Other mental health services as necessary to effectively treat the target population

Numerator \$

Methodology for CMHS Bundled Rate

Historical Data

Adjustments

Percent of State Administered dollars allocated to Medicaid Eligible Children

Actual FY 95 cost for	or:		
SWCAP			
Dept. of Admir	nistrative Overhead		
+			
CMHS	Administrative overhead		
	Clinical overhead		
	(a. Consult & Assessment		
	(b. Clinical Coordination)		

+

FY 95	x	FY 94 ¹³ direct services portion of
actual units	S	approved Medicaid rates for 1995
uotuur uiii		(Oct 94 - Sept 95)
		(Oct 94 - Sept 93)

- (1) Add: Units paid by Medicaid for FY 95
 services for kids in general hospitals
 X
 Projected unit cost to CMHS as of 1/1/96
- (2) Add: Dollars and member months for FY 95
 CMHS clients who Should have been eligible but were not enrolled

Denominator

Aggregate Member months (A "member month" is a month, which a child managed, by CMHS received at least 1 service.)

¹³ FY 94 direct services costs were used. The data was readily available, audited, and would obviate the need to collect new FY 95 data.

Penetration Rate Calculation for use in Apportioning Indirect Cost

SERVICE COST + (Y MA)	SERVICE COST (B MA)	=	MA ELIGIBLE SERVICE MONTHS
\$13,213,827.36	\$1,081,388.79	e:	\$14,295,216.14
TOTAL DIRECT SE MA ELIGIBLE SE		ided by"	TOTAL DIRECT SERVICE COST FOR ALL CMH CLIENTS

\$14,295,216.14

\$17,277,197.24

"divided by"

▲ PENETRATION RATE TO BE APPLIED ▲
TO INDIRECT COST

82.7%

CHART 1

DSCYF 1996 Bundled Rate Summary Worksheet (Rate Effective Period 1/1/96 - 12/31/96)

1. SWCAP	\$200,186.00	
2. DSCYF Central Indirect	\$2,000,966.00	
3. Office of Case Management	\$172,622.00	
4. CMHS Div. Indirect		
Administrative		
a. 37-03-10 CMH/CLIN/ADMIN		\$1,037,871.85
b. 37-03-16 CMH/CONSULT & ASSESS		\$789,545.69
c. Transfer TCPC OP Staff		\$95,152.95
5. Total Indirect	\$4,296,144.49	5¥5
X MA %		82.7%
6. Total MA Indirect	\$3,552,911.49	
7. Total MA Direct CMHS	\$14,296,218.15	
8. Total MA \$	\$17,848,127.64	
9. MA CMHS Member Months	3667	6
DSCYF Managed Care Bundled Rate	\$4,880.5414	

¹⁴ This figure was subsequently reduced by 10 percent for managed care savings.

Dear Emily anne -Roxanne Gwens + Esperanza Guerraro- Anderson have suggested I let you know of my serious in tention to be considered for Commissioner of Commerce. I wish yok well in this process. It must be an enjoijable challenge! Anceney, Starte Marke



Heather Harden

November 23, 1998

To Governor-Elect Jesse Ventura Transition Team Steve Bosacker, Chief

Dear Governor-Elect and Members of the Transition Team:

I formally request your serious consideration for appointment to the position Commissioner of Commerce.

I have been a practicing professional for several years in the brokerage industry, and have long wanted to take sabbatical to serve the state, its people and businesses in an appointed role.

I believe it is the mission of the Department of Commerce to balance between two equally important positions: protecting the consumer while building an environment for industry that will keep brokerage, insurance, banking and real estate companies in Minnesota, expanding and creating jobs. As Commissioner, I believe my role should be threefold:

>To serve as a fair intermediary in disputes between consumers and businesses

>To invite <u>resolutions</u> for consumers as well as <u>solutions</u> for businesses

>To enforce Minnesota regulations and suggest changes where need is discovered through consensus.

I wish you well as you face the challenge of creating a new administration.

Xlent

Heather Harden

AND SHOULD BE COMMERCE COMMISSIONER:

I have an abiding passion for Minnesota. I was born here; I will die here.

I have an abiding passion for Minnesota business.

- >I've had a lifelong interest in business, markets and the economy that I trace to the influence of my father, a businessman and successful private investor.
- >This avocation began as a kid when I helped found and sold ads for a neighborhood newspaper, studied economics in high school and college, was active at the national level of Junior Achievement which teaches young adults about free enterprise by having them run their own businesses.
- >During my adult life I have continued that education through classes, seminars, workshops, presentations. I attend about six business workshops a year, most of them related to Minnesota companies or the state's economy.
- >I badgered news directors for years until I found one at KMSP-TV in the Twin Cities who let me be a business reporter in addition to my role as Prime Time News anchor. I was given free reign, and covered all aspects of the state's business climate, and came to know most of its business leaders.
- >My reporting specialty was covering Minnesota companies, focusing on the important role of business in the daily lives of people. My reputation for fairness and accuracy has led to my still being widely known and respected in the business community here.
- >So in 1992 I finally went full-time into the business world. I trained and became licensed in securities, insurance and mortgages. I am now an Associate Vice President of Investments and Financial Advisor with Morgan Stanley Dean Witter.
- >I have received advanced level training in several specialties in my field.
- >Based on my success, my employer has had me do training sessions at the corporate headquarters in New York and the regional offices in Chicago.
- >I have made numerous media appearances and been the subject of newspaper articles when my opinions have been sought on the markets, the economy, investing and financial planning.
- I have an abiding passion for Minnesotan citizens. I have visibly demonstrated this through my activism in recognized charities; my role has always been leadership, financial oversight and management.
 - >I chaired and directed the first two blockbuster fundraisers of the Jacob Wetterling Foundation for Missing Children.
 - >I chaired and reshaped three fundraisers for the March of Dimes.

>I have committed to chair a special reception in January for guest Ann Roosevelt, the granddaughter of Franklin Delano Roosevelt, the founder of the March of Dimes.

(FYI - The March of Dimes has done much since it funded pioneers of the Salk and Sabine vaccines: the PKU test for mental retardation for newborns, the first bone marrow transplant for a birth defect in an infant, one of the first neonatal care nurseries, in utero treatment of birth defect, fetal alcohol syndrome, and others...including the work of prominent Minnesota researchers.)

>My commitment is based on my belief that every child deserves a healthy body for the best shot at becoming a productive citizen.

"OK, BUT IS SHE AN 'OUT OF THE BOX' CANDIDATE?" OTHER REASONS TO APPOINT HEATHER HARDEN COMMISSIONER OF COMMERCE:

I am computer and Internet literate. No kidding.

There has never been a female Commerce Commissioner. I am a high profile woman in this community, widely recognized not only in the Twin Cities, but also across the state.

I am media savvy. As a former television news anchor, I am an articulate communicator, know how to speak publicly, to interview, and appear on camera.

I know how to be an affable watchdog, given my experience as a reporter who cared about both sides of any story.

Heather "The Redhead" Harden "doesn't have a chance." I don't mean to be cute, nor to copy Governor-Elect Ventura's style (this is the first, last and only time I will); I just want to make a point: this is what people who knew me only for my famous hair said when I left the glamourous world of television to enter the serious business of securities. But those people did not know of my avocation, which I turned into a successful vocation, rising to the level of Associate Vice President in only six years at one of the top firms on Wall Street.

I am beholdin' to no one. Except my mom, another great redhead.

I have the "fire in the belly" for this job.

HEATHER HARDEN

6101 Timberglade Drive, Bloomington, MN 55438 Office: (612) 340-6704 Home: (612) 835-5919

WORK EXPERIENCE

Associate	Vice	President	of Investments,	Financial	Advisor	
Morgan Stanley Dean Witter, Minneapolis, MN				1992-Present		

Registered with the New York Stock Exchange, the National Association of Securities Dealers, the National Futures Association and the State of Minnesota as a life, health, disability and annuity insurance agent. Retirement, Estate Planning and Rule 144 Specialist.

Prime	Time	News	Anchor,	Business	Reporter/Editor	
	KMSP	-TV, M	inneapolis	, MN		

1985-1991

News Anchor, General Assignment Reporter WXIA-TV, Atlanta, GA

1981-1984

News Anchor, Producer WFRV-TV, Green Bay, WI

1979-1981

Documentary Producer/Reporter KETV, Omaha, NE

1976-1979

Instructor

Creighton University, Omaha, NE

1972-1978

EDUCATION

MSJ, NORTHWESTERN UNIVERSITY, Broadcast Journalism On full scholarship. Evanston, IL

1970

BA Cum Laude, CREIGHTON UNIVERSITY, English and Journalism Omaha, NE

1969

HEATHER HARDEN VITAE

Honors and Achievements Won numerous prestigious national awards for television reporting, anchoring and documentary work.

Received KARE-TV's "Eleven Who Care" Award in 1988 for fund raising for the Leukemia Society and the bone marrow transplant unit of the University of Minnesota Hospitals.

Past member of the Boards of Directors of "Eleven Who Care" and the St. Paul Chamber Orchestra. Serving currently on the Fund Raising Oversight Committee of the March of Dimes.

Chaired highly successful fundraisers for both the March of Dimes and the Jacob Wetterling Foundation for Missing Children. Both saw their event dollars double under her leadership. The March of Dimes "Table for Two" event, May, 1996 had an additional increase of 56%, hitting a number never before achieved by that event.

In 1996, the March of Dimes named her Minnesota's Outstanding Committee Chairperson. The Cystic Fibrosis Foundation cited her as one of the Twin Cities' prominent singles in professional and charitable accomplishment.

Family

Has a 26-year-old son who graduated from the Berklee School of Music in Boston, and now works as a recording engineer at a acclaimed studio in New York state. And a 24-year-old daughter who, after finishing at the University of Wisconsin at Madison, worked for a marketing firm in London, and is now teaching English to Spanish-speaking children in a remote area of Costa Rica with a volunteer organization called WorldTeach.

Fun Stuff Professes to be interested in sports, but cannot throw or hit a ball and is generally a klutz, but does well dancing, water and snow skiing SCUBA diving, deep sea fishing, Harley riding in Sturgis, is trying golf...and has survived both bungie jumping and sky diving.

Her latest venture has been dog sledding with renowned polar explorer Will Steger, and participating in the John Beargrease Dog Sled Race as a volunteer.

Minneapolis-St. Paul Magazine once listed her as one of the sexiest Twin Citians, for what that's worth.

LETTERS OF REFERENCE FROM:

Senator Rod Grams

Former Commerce Commissioner Tom Borman

Esperanza Guerrero-Anderson

Tres Lund

Sheryl Ramstad Hvass

Jerry & Patty Wetterling

Jim Dlugosch

Barbara Carlson

Sung Won Sohn

Michael Dady

Don Knutson

Roxanne Givens Copeland

Dino LoPesio



ROD GRAMS
UNITED STATES SENATE
MINNESOTA

November 16, 1998

To Whom It May Concern:

I am writing to bring to your attention the qualifications of Ms. Heather Harden.

For seven years we worked as co-anchors at KMSP-TV Channel 9 in Minneapolis. While we were at Channel 9, Ms. Harden was responsible for providing business news; which required research and awareness of the concerns of our businesses and business leaders. I have always been impressed by her understanding of the issues facing Minnesota's economy.

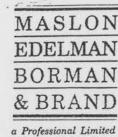
Ms. Harden is highly professional and works diligently and creatively to accomplish her objectives. I am confident she would be an asset to any management team, and I highly recommend her for your consideration.

Sincerely,

Mans

Rod Grams United States Senator

NOT PRINTED AT GOVERNMENT EXPENSE



Liability Partnership

3300 NORWEST CENTER
90 SOUTH SEVENTH STREET
MINNEAPOLIS, MINNESOTA 55402-4140
(612) 672-8200
FAX (612) 672-8397

THOMAS H. BORMAN (612) 672-8352

November 12, 1998

The Honorable Governor-elect Jesse Ventura State of Minnesota State Capitol Transition Office St. Paul, MN 55102

Re: Heather Harden

Dear Sir:

I am writing to recommend Heather Harden for Commissioner of Commerce.

The job of Commissioner of Commerce involves dual and sometimes conflicting responsibilities. A Commissioner must regulate, and sometimes assist, five industries (banking, insurance, real estate, securities and credit unions) which employ many Minnesotans and provide the financial infrastructure for the state and at the same time make sure that consumers of this state are protected in their dealings with these entities.

I look back on my year as Commerce Commissioner as the most exciting and rewarding experience of my professional career. For that reason, I have rather strong feelings concerning the qualities and experience that position requires.

First, a good Commissioner must lead, make decisions carefully and comfortably in areas where he or she may lack expertise, and be willing to act proactively to assist industry while protecting against consumer abuse.

The Department is unlike any other state department, in that five major state industries are regulated by one office. The Commissioner can not understand all five industries, so he or she must be a quick study, have good judgment, be focused and organized, be able to recognize talent within the Department's upper echelon and actively seek advice from outside the Department when necessary. Obviously, it helps if the appointee has a business background and experience in one of the regulated industries.

MASLON EDELMAN BORMAN & BRAND

The Honorable Governor-elect Jesse Ventura November 12, 1998 Page 2

Limited Liability Partnership

I think Heather is uniquely qualified for this position.

She is one of the most focused and organized persons I know. She is a natural leader and unafraid to make decisions. I am convinced she will be a proactive Commissioner and understands the need to balance industry's concerns with protection for Minnesota's consumers of financial services.

Heather's background as a reporter has trained her to critically evaluate the kinds of consumer protection and marketing issues that frequently rise to the Commissioner's office from the enforcement section. Her work as a news anchor and with a securities broker dealer will gain her broad acceptance within the financial services industries the Department regulates.

Finally, by appointing Heather you can make a real statement. This a quality, high profile, widely respected woman in the business community and the fact that she would be willing to cut short a successful career in the securities industry to serve in your administration is obviously a positive for you.

Sincerely

Thomas H Borman

THB/sgm

cc: Dean A. Barkley

November 20, 1998

Mr. Steven Bosacker, Chief Governor-Elect Jesse Ventura Transition Team 130 Capitol Building 75 Constitution St. St. Paul, MN 55155 MILESTONE GROWTH FUND, INC. 401 2nd Ave South Suite 1032 Minneapolis Minnesota 55401 (612) 338-0090 FAX 338-1172



Dear Mr. Bosacker,

I would like to submit the name of Heather Harden for consideration for Commissioner of the Minnesota Department of Commerce. I have known Ms. Harden for 13 years, since she was an anchorwoman with Channel 9. Currently, Ms. Harden serves as a stockbroker and financial advisor to many very successful individuals in the Upper Midwest.

As President and CEO of the Milestone Growth Fund, a small investment fund that invests solely in minority-owned businesses, I have come to know Ms. Harden and can vouch for her many skills and areas of expertise. She possesses a thorough understanding of the Minnesota business community and the role of the Minnesota Department of Commerce in regulating local businesses. She also has strong interpersonal, public relations and speaking skills. She also knows how to communicate with the Minnesota business community.

I strongly recommend your consideration of Ms. Harden. I believe that she would bring a great mix of skills and experience to the position of commissioner of the Minnesota Department of Commerce. She would also bring a new, fresh perspective, because of her wide breadth of depth of experience.

Thank you for considering my recommendation. You may call me at (612) 338-0090, if I may be of further assistance to you and the Transition Team.

Sincerely,

Esperanza Guerrero-Anderson

President and CEO

A Federal linerses under the Small Business Investment Act of 1958

RUSSELL T. LUND

4100 WEST 50TH STREET EDINA, MINNESOTA 55424-1204

November 13, 1998

The Honorable Governor Elect Jesse Ventura c/o Mr. Steve Bosacker, Chief of Staff Transition Team State Capital St. Paul, MN 55155

Dear Governor Elect and Transition Team Members:

I am writing to formally request your consideration of Ms. Heather Harden for the position of Commissioner of Commerce. I believe Heather is uniquely qualified to fulfill the responsibilities of this position. What impresses me more than her qualifications, is her passion for taking on this particular public service role.

Heather is no stranger to the nature and challenges of public responsibility. Her past experience as a business reporter for KMSP-TV has endowed her with an investigative nature and a broad-based understanding of the industries and public concern for their regulation. Heather's current endeavors in the securities industry with Morgan Stanley Dean Witter give her detailed and first-hand knowledge of one of the five areas of oversight for this office.

Mr. Bosacker has stated that the transition team is looking for people who think "outside of the box," or are by nature unconventional. Heather has the capacity to operate both within and outside of the box. Heather will be as comfortable in the corridors of our State Capital, as she is atop an early model Harley Davidson headed toward Sturgis.

Political pedigree is not what you will get with Heather. What you will get is a bright, diligent and decisive individual who is passionate about the Commissioner of Commerce position.

To fully appreciate her qualifications, you should definitely interview Heather Harden for this position.

Sincerely,

Russell T. Lund

Russell 1. Lulio

RTL:bl

12120 Golden Acre Drive Minnetonka, MN 55305-2832 November 12, 1998

The Honorable Jesse Ventura Governor-elect State of Minnesota State Capitol St. Paul, MN 55155

Dear Governor-elect Ventura:

I write to recommend my friend Heather Harden for your conderation as you begin filling your cabinet positions. Heather is presently working as a broker and has expressed a strong interest in the position of Commerce Commissioner.

Heather Harden has a broad finance-related background. She is a real "go-getter" who has a vast network of contacts from her seven years experience at Dean Witter, as well as her prior involvement as a a television reporter. She is a dynamic person with extraordinary communication skills.

Most recently, Heather has served on my campaign Finance Committee. She helped me tremendously throughout the past several months and contributed greatly to our fundraising efforts.

I urge your utmost consideration of Heather Harden for the position of Commerce Commissioner. If you have any questions or I can provide you with further information. Thank you for your consideration.

Best regards,



Board of Directors

Will Alexander

Research Analyst Supervisor Department of Corrections St. Paul, MN

Warren Bradbury

South Junior High School St. Cloud, MN

Connie Cross

College of Saint Benedict Št. Joseph, MN

Paul Dow

Senior Management Director First American Asset Management Mpls. MN

Dr. Larry Estebo

First Chiropractic Falcon Heights, MN

Ben Frothingham

American Ford Bloomington, MN

Al Garber Police Chief Champlin, MN

Adam Krasnoff Audit Manager Arthur Andersen Mpls., MN

Eva Lau

Human Resources Manager Arden Kitchens/Schreiber Foods, Inc. Lakeville, MN

Carolyn Marinan

Director, Public Affairs Hennepin County Mpls. MN

Buffie Shannon

Principal Shannon Associates, Inc. Mpls., MN

Charles Slocum Arthritis Foundation St. Paul, MN

Kathy Steiner

Frito-Lay Inc. Bloomington, MN

Patty Wetterling Co-founder Jacob Wetterling Foundation St. Joseph, MN

James Whittington Area Office Manager Minnesota Workforce Center West St. Paul, MN

Frank Wippler (Ex Officio)

Benton County Foley, MN



November 10, 1998

Governor Elect Jesse Ventura Transaction Team 75 Constitution Ave. B-5 State Capitol St. Paul, Mn. 55115

Dear Governor Elect Ventura & Transition Team:

It is with great pleasure that we include this reference letter for Heather Harden as part of her portfolio application for the position of Secretary of Commerce, State of Minnesota.

We wish to address a portion of the vast amount of volunteer service that Ms. Harden gives to the community. That portion we speak to involves Heather's contributions to the Jacob Wetterling Foundation, a 501(c) 3 non-profit that we co-founded in 1990. The Jacob Wetterling Foundation works to combat child sexual abuse, exploitation, and abduction. Heather has worked very hard in developing the Foundation's annual signature fundraiser event--The JWF Celebrity Sports Banquet & Auction. In her roles, as emcee one year and event co-chair two years, she has displayed outstanding managerial, organizational and decision making skills. Under her leadership the banquet grew in size as well as net proceeds.

Heather's tenacity and dedication would make her a valuable asset to the State of Minnesota. We highly recommend her for the Secretary of Commerce position.

Sincerely,

P.O. Box 639, 32 1st Avenue NW St. Joseph, MN 56374 320-363-0470 1-800-325-HOPE Fax# 320=363=0473 http://www.jwf.org email jacob@uslink.net



Miller & Schroeder Financial, Inc.

Pillsbury Center = 220 South Sixth Street = P.O. Box 789 = Minneapolis, Minnesota 55440-0789 = (612) 376-1500

November 12, 1998

Governor Elect Ventura and the Transition Team Stephen Bosacker, Chief State Capitol 75 Constitution Avenue St. Paul, Minnesota 55155

Dear Governor Elect Ventura:

I have been asked by Heather Harden to provide you with the benefit of my knowledge of her on a personal and a professional level in support of her interest in the position of Commerce Commissioner in your forthcoming administration. I have known Heather for over 40 years and am pleased to recommend her to you.

By way of introduction, I am President and Chief Executive Officer of Miller & Schroeder Financial, a Minneapolis-based investment banking firm with 200 employees engaged in the origination, sale and trading of fixed income securities. I have been in the real estate development and investment banking business for over twenty years, prior to which I was the first director of the Minnesota Housing Finance Agency. I was born and raised in St. Cloud, Minnesota, received my bachelor's degree from St. John's University and completed graduate studies at the University of Minnesota.

As I mentioned above, I have known Heather for over 40 years, first as a neighbor and friend during childhood, and more recently as a colleague in the securities business. I have known Heather to be a straight forward, honest person with extraordinary personal values and professional abilities. Her knowledge of business and finance is substantial and her ability to apply her experience to common sense solutions is superb. She has skillfully applied her high profile for her and her client's benefit, and she has demonstrated the energy to take on difficult tasks and the aplomb to get them done.

I can recommend Heather for this position without reservation.

Sincerely,

MILLER & SCHROEDER FINANCIAL, INC

James F. Dlugosci

Inm

Headquarters: Minneapolis, Minnesota

Offices: San Diego Area • San Francisco Area • Los Angeles Area • St. Paul • Cleveland • Columbus • Seattle • Orlando

Member: National Association of Securities Dealers, Inc.

Member of the Securities Investor Protection Corporation



11/11/98

Governor-Elect Jesse Ventura State Capitol Building St. Paul, MN

Dear Jesse and Transition Team:

After all the excitement of the election, I know the true work is probably overwhelming as you pick the Commissioners and their staff. I would like to recommend a women of sterling quality, that should make your choice for Commissioner of Commerce much easier. Heather Harden has been involved in Minnesota issues for years. Ms. Harden has a long career at Channel 9, and has most recently done extremely well in investments.

My experience with Heather is primarily in the area of volunteering for many causes in the community, and her help and assistance has been a very important contribution.

Heather might be "out of the box", as you say you would like to do, Jesse. But, I know you would find her determination, loyalty, competence, and sense of humor a wonderful addition to your administration.

My best to all of you! And have a wonderful, glorious time!

Warm regards!

Barbara Carlson

November 10, 1998

Governor-Elect Jesse Ventura Office of the Governor Room 130 State Capitol St. Paul, MN 55155

Dear Mr. Ventura:

Heather Harden, who is interested in the position of Commerce Commissioner, has asked me to write a letter of recommendation. I met Heather when she was a television anchorperson at a local television station. Since then we have exchanged our views on the economy, the stock market and the status of the U.S. financial system. I believe she has an excellent grasp of financial matters, which will be a good basis for this position. She is extremely intelligent; I have not doubt that she can learn other matters pertaining to the job very rapidly.

I am a Senior Vice President and Chief Economist of Wells Fargo & Company (formally Norwest Corporation). However, my employer is not involved in this recommendation.

Sincerely.

Sung Won Sohn

DADY & GARNER, P.A.

4000 IDS CENTER 80 SOUTH EIGHTH STREET

MINNEAPOLIS, MINNESOTA 55402-2204

OFFICE: (612) 359-9000

FAX: (612) 359-3507

DIRECT DIAL NUMBER: (612) 359-3500

J. MICHAEL DADY

ADMITTED IN MINNESOTA, SOUTH DAKOTA

CERTIFIED AS A CIVIL TRIAL SPECIALIST BY THE NATIONAL BOARD OF TRIAL ADVOCACY AND THE MINNESOTA STATE BAR ASSOCIATION

November 13, 1998

HAND DELIVERED

Governor-Elect Jesse Ventura Steve Bosacker c/o Governor-Elect Ventura's Transition Office

Dear Governor-Elect Ventura and Mr. Bosacker:

I am writing to recommend a professional friend, Heather Harden, for the position of Commerce Commissioner.

I have known Heather Harden, in several different capacities, since 1991. As fundraiser and worker for several worthy causes (typically involving making life better for our state's children), financial advisor to small businesses (including mine), competitive dancer, horse woman and concerned parent, Heather Harden has excelled in everything she has chosen to do.

Heather Harden has the ability to quickly identify what needs to be done, to figure out how it can most effectively and efficiently be done, and to then roll up her sleeves and work with colleagues to get done what needs to be done. These special gifts, combined with her strong and impressive personal presence, her extraordinary professional communication skills, and her intuitive sense of knowing what the folks in our state most want and need, make her particularly qualified to be our next Commerce Commissioner.

Over the past 23 years, I have helped hundreds of small and medium sized business people in this state attempt to solve serious business problems, many of which deserve to be addressed by a public servant with the qualities which I have observed in Heather Harden. I have no doubt that, if you accept my

November 13, 1998 Page 2

suggestion and name Heather Harden as Minnesota's next Commerce Commissioner, you will be glad you did.

Respectfully submitted,

J. Michael Dady

JMD/les Enc.

P. S. If I can be of any further assistance to you with your evaluation of Heather Harden's qualifications for this important position, please let me know.

Advanced Education Services, Inc.

Don Knutson CEO 1953 Geneva Avenue North Oakdale, MN 55128

Established 1984

Telephone 651/578-0117 Fax 651/578-0350

Mr. Jesse Ventura Governor Elect State of Minnesota State Capital St. Paul, MN 55101

Dear Governor Elect Ventura;

My name is Don Knutson and I am the CEO of a national insurance continuing education company with our home offices in Minnesota.

We have been providing continuing education credits, nationally and in Minnesota, since 1984 and I have worked with the Minnesota Department of Commerce since then. Many administrations have come and gone during that period. As a businessman, I have experienced the good ones and the not so good ones.

The reason for this letter is to bring your attention to a person whom I believe would make an excellent Commissioner of Commerce.

Her name is: Heather Harden

I have known Heather for about six years and during that time I have observed her thoroughness, attention to detail and concern for her friends and most importantly her clients.

When ever Heather and I have spoken, she is articulate, knowledgeable, and listens carefully.

I believe that all of these traits are the traits that would make her an excellent Commerce Commissioner and the type of person that you would want in your administration, a people person.

If you would have any further questions of me about Heather, please contact me at 651-578-0117.

Sincerely,

Don Knutson CEO 51 York Avenue South • Edina, Minnesota 5545 (612) 831-1448 • Fax (612) 831-2461

November 17, 1998

Governor Elect Ventura Transition Team

Re: Ms. Heather Harden

Dear Transition Team:

The purpose of this letter is to recommend Ms. Heather Harden as a candidate for the position of Commissioner of Commerce.

I have had many occasions to work with Ms. Harden over the past 12 years and have found her to be a dynamic business person skilled in the financial arena with a high degree of knowledge in consumer communication. Ms. Harden's expertise and background skills would lend themselves well to the enhancement of relationships between the State and both private and public markets. Ms. Harden has the capacity to manage complex problems, effectively direct staff and effectuate increased accessibility to the Commerce Department and its programs.

I am the Founder and retired President of Legacy Management and Development Corporation, the oldest and largest minority owned real estate management and development firm in Minnesota, I also have served on a variety of civic and business Boards of Directors such as the Minneapolis St. Paul Family Housing Fund, Richfield Bank and Trust, Ordway Theatre, College of St. Catherine and the YWCA. I believe these past and current affiliations qualify me to recommend Ms. Harden for this position.

I would like to thank you for your time in reviewing this recommendation and I truly believe you will not find a more qualified candidate then Ms. Harden.

Respectfully

Roxanne Givens Copeland



November 18, 1998

Governor Elect Jesse Ventura Transition Team

Heather Harden became a loyal friend as I was just entering the event production business. She extended her unconditional support when my business and events had just commenced, more than a decade ago. Her presence had assisted me in creating a sense of community by virtue of her attendance at these social events.

Her work in the charitable community has demonstrated tangible results for people in need! She has never requested any consideration which would have enriched her personally or professionally.

I believe her present position in the securities industry has helped to provide her with a grasp of the challenges facing the business community. I can attest to her character and respectfully recommend that she be considered for a position within your administration.

I would be pleased to answer any questions that you may have, please feel free to contact me directly at (612)476-1200.

Respectfully

Dino D. LoPesio

After 19 years as a television news anchor and reporter of business and industry. Heather Harden made the decision that she'd rather be fully involved in the financial services industry than just talk about it. Today, Heather is a full-fledged account executive with Dean Witter where she works as a retirement and estate planning specialist and financial and investment counselor.



Heather now manages portfolios for executive and civic leaders whose enterprises she used to cover in television. And the people who were her background sources are still her sources, as she visits regularly with

economists and analysts who share their views on what is happening in the world economy. When she works on estate planning, Heather consults with attorneys and CPAs to complete the entire package for the client.

Heather points out that her investment style emphasizes conservative, long-term diversification, paying attention to international issues and global investment opportunities. Beginning with solid U.S. securities, she then selects from among various mutual funds, unit trusts, stocks, bonds, treasuries, CDs, annuities, insurance policies and commodity futures. In business retirement planning situations, she works with a team of pros with whom she evaluates, creates and manages company retirement plans. The team has proficiency in implementing many types of plans, such as 401(k), SEP-IRA and profit sharing.

Corporate executives need a guide through the complex requirements for handling restricted stock and exercising cashless options. As a Rule 144 specialist, Heather works with the issuer and its corporate counsel to assure the greatest benefit to her clients.

Ms. Harden earned a master's degree from Northwestern University and a bachelor's degree from Creighton University. She spent six years as a college professor before entering the television news field in Omaha, Green Bay, Atlanta and Minneapolis.

Here's what her clients have to say!

volumes in itself. I like her strategy of buying value because I'm a 'stick to the fundamentals' guy. It's a matter of trust that we can do something for the long term."

Andrew MacPhail, President and CEO

"She's a 'take charge' advisor who sailed me through the selling of Rule 144 Restricted Stock. As a company officer, it mattered to me that this was done right. And when it came to investing, I particularly appreciated her guidance on how to move into global markets."

Sarah Coffin, Vice President H. B. Fuller Co.

"I like her willingness to explore new avenues. She finds creative ways to get in front of a trend. In Heather, I have a to change along with them, looking for ideas industry broker who's always pushing the envelope to find wide. She was able to deal both inside and outside her innovative yet safe ways to maximize my return on firm, looking for the best for me. That means a lot." investment. I have a lot of faith in her."

Thomas Brosig, President

"Trusting someone with your child's education speaks "Heather manages our company 401(k) plan. I'm impressed with her personalized service and dedication to finding out what works best for our employees. She's gone out of her way to do several investment seminars for them."

> Kjell Bergh, Chairman Bergh International Holdings Inc.

"I can count on her to have an opinion, and to always follow up. She is detail-oriented, and has everything pinned down when we implement a financial plan, especially with regard to retirement."

JoAnne Daudt, Estate Planning Attorney

"Flexibility is her number one ability to me. My investment needs changed recently, and she knew how

John Sundet, Former CEO Rollerblade